FOREIGN AFFAIRS

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FOREIGN AFFAIRS (ISSN 00157120), Summer 1987. Vol. 65, No. 5. Published five times annually (September, December, February, April, June) at 58 East 68th Street, New York, N. Y. 10021. Subscriptions U.S. $28.00—Outside U.S. $35.00 per year. Second Class Postage paid at New York, N. Y. and at additional mailing offices. Postmaster, send address changes to Foreign Affairs, Neodata, P.O. Box 2615, Boulder, CO 80302.

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Foreign Affairs is published five times annually
by the Council on Foreign Relations, Inc.
Vol. 65, No. 5 © 1987

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Foreign Affairs is published five times annually by the Council on Foreign Relations, Inc. Editorial Offices: 58 East 68th Street, New York, NY 10021. Telephone (212) 734-0400. Telex: 239852 CFR UR.

Manuscript submissions: The Editors will consider all manuscripts received, but assume no responsibility regarding them. Materials submitted will be returned only when accompanied by appropriate postage.

Subscriptions: Price for U.S. subscriptions, $28.00 per year; foreign, $35.00. Rates for air mail delivery are available upon request. To subscribe, write *Foreign Affairs*, P.O. Box 2615, Boulder, CO 80322, or call (212) 734-0400. For subscription problems, call (800) 525-0643.

Advertising: For rates and schedules, contact the Advertising Office (212) 734-0400. *Foreign Affairs* is represented by The Leadership Network, Robert F. Sennott, Jr., President, (212) 684-5500. *Foreign Affairs* is a member of the Audit Bureau of Circulations.

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Peter F. Drucker

JAPAN'S CHOICES

Japan faces wrenching economic and social decisions in the next few years—decisions that will determine its economic direction for years to come.

As every thoughtful Japanese knows, the export boom of the last few years cannot possibly go on. It could not have lasted even if the dollar had remained grossly overvalued against the yen. For Japan's basic industrial strategy of the last 30 years—to do better what the West is already doing well—is rapidly becoming obsolete. And Japan's latest strategies—to "go multinational" and to "outflank" the West's growth industries—while powerful indeed, are incompatible with such fundamentals of Japan's economic policy as "administrative guidance" and lifetime employment. Indeed, they may be incompatible with the very tenets on which Japan has based its relationship to the outside world since Commodore Perry's black ships forced it out of self-imposed isolation a century and a quarter ago.

The choices Japan makes will determine how the world's youngest economic great power—the only economic great power to emerge so far in this century—integrates itself into the world economy. But Japan's decisions will also profoundly affect the international economy itself.

II

Japan's enormous economic success since World War II has largely rested on its having been the only country that had both the low labor costs of a developing nation and the high labor productivity of a fully developed one. Now this is simply no longer true.

All earlier major economic powers—Great Britain between 1770 and 1840 or Germany and the United States in the second half of the nineteenth century—entered into the first rank by being innovators. The Japanese alone made it as

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imitators—precisely because the combination of low wage-costs and high labor productivity enabled them to catch up with and then overtake the pioneers.

This also explains why the Japanese based their strategy on exports rather than on the development of the domestic market, as the earlier growth countries had done. The markets for the goods the Japanese excelled in making were primarily in the developed countries of the West. Thus Japan's own development came to be export-led. The surefire cure for any domestic economic slowdown in Japan from 1955 on was an export push. Finally, that Japan's was both a low-wage and high-productivity economy explains why, after World War II, Japan deliberately concentrated on what we now call smokestack industries, including steel, automobiles, shipbuilding and consumer electronics. These industries are both labor-intensive and, in the West, fully unionized and thus high-wage, which gives maximum advantage to a low-wage competitor with high labor productivity.

For 200 years economists have held that a country cannot possibly occupy the position Japan chose for itself. A country cannot have both a low-wage and a high-productivity economy, for this means being "developing" and "developed" at the same time. High labor productivity comes only after a long gestation period, according to the theories; and by then, wage costs must have risen, must be high. Japan was thus seen—and saw itself—as the one exception to a universal rule. Both Japanese and foreign observers attributed its feat to uniquely Japanese cultural traits which would not be duplicated elsewhere.

But now there is South Korea. South Korea can do today what yesterday only Japan could do, and its performance is even better in a good many industries, including shipbuilding and small computers.

It may be argued that South Korea is also a Confucian culture, but no such claim can be made for Brazil. Yet exactly what has been happening in South Korea—and earlier in Japan—is now also happening in Brazil, where a whole raft of industries is emerging that have both low wages and high productivity: machine tools, armaments (including fighter planes), automobiles, shoes, and so on. The best example is even closer to the United States and even more telling: the *maquiladora* plants on the U.S.-Mexican border, which employ low-wage Mexican workers—a quarter of a million by now—

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to assemble complex goods, most of whose components have been made in the United States. These finished goods are then sold in the U.S. market (and increasingly also exported to the rest of Latin America and to Europe). Productivity in a well-run *maquiladora* reaches U.S. and Japanese levels within two to three years of operation even though its workers had neither skill nor industrial tradition when they started.

What had been seen as the product of a unique element of Japanese culture is, in other words, becoming universally possible. The explanation for this phenomenon involves an American invention dating back to World War I: training.

Adam Smith concluded 200 years ago that high-productivity labor required a century or more of indoctrination and perfection of skills. And what we now call "management"—the capacity to integrate working individuals into a social organization and to plan, finance and market—Adam Smith thought took even longer to develop. Until quite recently all historical experience supported Smith's conclusions.

But in World War I the United States had to convert preindustrial people, e.g., sharecroppers from the Deep South only a generation away from slavery, into productive industrial workers in a few weeks or months. Modern training slowly spread to peacetime industry after World War I. In World War II it became the foundation for the unprecedented and almost totally unforeseen explosive expansion of American war production which, in the final analysis, defeated Nazi Germany and Japan. World War II also brought into focus the complement to training—management—and made it into something that can be learned and thus developed in a short time, as the Japanese were the first to realize.

Now modern training and management techniques have spread worldwide. As a result even a preindustrial country can attain high labor productivity within a short period. It is still a "developing" nation, however, and thus low-wage, especially if it has a large supply of young people. It is able to do what only Japan had been able to do earlier: compete on world markets by offering quality goods at substantially lower prices.

The emergence of training and management as new factors in the world economy has enormous implications. No developed country can hope any longer to maintain labor-intensive manufacturing industries. It can only remain competitive in manufactured goods if it eliminates blue-collar labor as a cost

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factor, that is, if it automates. For automation, as we now know, results in lower costs of production than even the lowest wages.

The first to realize this and to prove it, by the way, were a few American companies that successfully used automation to defend themselves against the onslaught of Japanese imports. The very first was probably Xerox in the late 1970s. Having almost lost to the Japanese the market for copiers that it had created only ten years earlier, Xerox reorganized both product line and production process; within a few years it once again became the largest supplier of copiers to the American market. A few years later, some of the American consumer-electronics makers, notably RCA, followed suit. RCA's automated plant for color televisions in Indiana is now probably the lowest-cost producer in the world. General Electric (which now owns RCA) had obtained all its television sets for many years from Japan or from low-wage countries in Southeast Asia. In early 1987 it moved color-television production back to the United States and into RCA's Indiana plant.

Another example was the successful automation-based counterattack of Swiss watchmakers against the Japanese. The Swiss had invented the digital watch but did not market the product aggressively. This gave the Japanese the chance to move in through organized imitation. By 1980 the Japanese had come to dominate the largest single segment of the market worldwide: medium-priced, high-quality watches. The Swiss had been almost totally driven out. Then the Swiss rallied. They redesigned the manufacturing process and automated it. They redesigned the product as well and came out with the "Swatch"—a high-fashion, "disposable" watch. Swatches have become a hot product and now account for close to two-fifths of the market.

These examples show that successful automation is quite different from what most people imagine when they hear the word. Indeed, the word is a misnomer but is far too deeply entrenched in common usage to be changed. Automation is not the replacement of humans by robots doing the same work. That can actually *raise* costs as it makes the productive process more capital-intensive. Automation restructures the process of production. If done properly it is information-intensive rather than capital-intensive or labor-intensive.

Four out of five present manufacturing processes can probably be automated—and will be automated within the next ten or fifteen years. The fifth, especially if it is labor-intensive, will

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no longer be done in a developed country. It will have been moved to a developing country with low-wage labor.

Blue-collar labor will thus largely disappear as a factor of production in the manufacturing industries of developed countries. There, increasingly, higher production will mean lower blue-collar employment.[1] In developed countries, blue-collar manufacturing labor will join domestic servants—only 80 years ago the largest single employment category in all developed countries—in the limbo of history.

III

These two new developments—the emergence of training and management rather than cultural uniqueness as the true secret of competitiveness, and of automation as the new manufacturing organization—have greater significance for Japan than for any other country. Yet the economic challenge is probably less serious than the challenge to the social compact that has held post-World War II Japan together, a challenge to the harmony, or at least compatibility, between national interest and the interests of business and labor—the reality underlying the myth of "Japan, Inc." Most serious of all, the new economic developments may undermine the national assumptions—held almost as articles of faith in Japan—regarding the position of the country in an outside, "modern" and fundamentally Western world.[2]

Ten or so years ago it was becoming increasingly clear to many Japanese, both in industry and in government, that Japan had to change economic course. Economic growth could no longer be based on a strategy of imitation, that is, on doing better what the West was already doing well. In part this was because newcomers such as South Korea could imitate even better; in part, because the Japanese expected the United States to automate much faster than it actually did and thus to offset rapidly whatever competitive advantage Japan had. Above all, it had become clear that smokestack industries were no longer growing worldwide, and were indeed in global decline. Yet Japan's economic strategy had been based on becoming the world's leading low-cost and high-quality "smokestack" producer.

[1] For additional analysis of the "uncoupling" between production and blue-collar employment, see my article, "The Changed World Economy," in the Spring 1986 issue of *Foreign Affairs*.

[2] See also "Japan's Troubled Future" in *Fortune*, Mar. 30, 1987.

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Even more important, the first signs were appearing ten years ago that, even if successful, the traditional policy no longer yielded the desired results. Exports were rapidly losing their capacity to stimulate Japan's domestic economy. In other words, Japan's economic growth was no longer capable of being export-led.

Many Japanese were coming to the conclusion that their country's economic policy had to be changed and its economy had to be restructured. But then came the record oil shock of 1979, which created American demand for the fuel-efficient cars that American industry could not produce. A year or two later the new Reagan Administration began to push up the exchange rate of the U.S. dollar. This at once gave the Japanese a competitive price advantage that was a good deal larger—some estimates are 40 percent larger—than any they had had before. The Japanese export boom was on.

In Japan, as well as in the West, the boom is commonly viewed as a fantastic Japanese triumph. But it may well come to be seen a few years hence as a major disaster for Japan.

The Japanese recognize that their export boom cannot continue for long. Indeed, most informed Japanese accept that in ten years their country's export surplus will have disappeared or at least shrunk sharply. It is not tenable. The reason is not primarily economic, but rather social. The export surplus is created by adversarial trade.[3] This type of trade creates serious social dislocation in the importing country and is seen as a hostile act rather than as fair competition. The Japanese did not plan to engage in adversarial trade; it was, nevertheless, implicit from the beginning in the imitation strategy, for this strategy aims at mature industries, where processes, products and markets are fully developed. These are by definition industries past their prime, whose markets are shrinking rather than expanding. A newcomer can therefore gain sales only by taking business away from firms that are already in a precarious position. The imitation strategy, moreover, implicitly aims at industries that are large employers of blue-collar labor.

To the extent that the imitator succeeds, he threatens to drive out and to destroy an already weak industry and thus to

[3] See the excellent article, "The Japan Problem," by Karel G. van Wolferen, *Foreign Affairs*, Winter 1986/87; also the chapter "The Perils of Adversarial Trade" in my recent book, *The Frontiers of Management*, New York, E. P. Dutton, 1986.

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create major *economic* damage. But above all, it creates massive unemployment and *social* dislocation. In addition, the exporting country, seeing itself as a "developing" country, will still maintain protectionist practices for its own infant industries and will not let in imports of manufactured goods from the developed countries to whom it sells the products of its own imitation strategy. It is no coincidence that South Korea, Brazil and Mexico—Japan's pupils in the imitation strategy—are as mercantilist as Japan and as tightly closed to foreign goods.

Japan's export surplus thus cannot last—whether it is cut down by protectionist barriers against Japanese goods in the West such as those going up already all over Europe, by the replacement of goods "Made in Japan" with goods made in South Korea or Taiwan, or by the replacement of goods "Made in Japan" with those made in automated plants in the buying countries.

The Japanese economy has become increasingly dependent on the export boom. It may even, as some Japanese observers argue, need ever-increasing exports to stay in balance. It is thus exceedingly vulnerable to anything that threatens the export boom. At the same time, the boom has created a false sense of well-being, if not smugness, in Japan, leaving the Japanese unprepared to redirect economic policy and restructure their industry.

Ten years ago Japanese traditionalists in industry and government asserted that the country would be able to continue its economic policy by substituting the insatiable markets of post-Mao China for the markets of the West. The experience of the last ten years has dispelled this delusion. The record has taught again the old lesson of economic history: no very poor country, no matter how big, provides a major market for the goods of a developed country. By 1984 or 1985, even the most traditional of Japanese businessmen had come to realize that the "insatiable markets" of China are a mirage. In other words, it has become obvious that only developed countries, that is, the countries of the West, can provide Japan with adequate markets.

Thus a year and a half ago, when the dollar ceased to be highly overvalued in relation to the yen, Japan suddenly found itself face-to-face with the fact that it had to find new ways of integrating itself into the world economy.

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IV

Japanese business is responding with three defensive reactions and one new, major, offensive approach.

The first defensive response is a shift from competing for markets in the West through price to competing through quality. This shift started when Washington first limited the number of cars Japan could export to the United States. To maintain their profits, the largest Japanese companies, beginning with Toyota and Nissan, changed their product mix. Starting in 1980, they shifted increasingly to higher-priced cars distinguished by quality, service and luxury. Within two or three years the average Japanese car sold in the United States brought 30 to 40 percent more, even after adjustment for inflation. Sony's consumer electronics such as tape recorders, television sets and video cassette recorders cost up to 40 percent more than other brands—again, competing on the basis of quality and service rather than price.

This did not entirely protect Japanese exporters when the yen became expensive. Their profits went down sharply. But they maintained market share in the United States and in Europe even though they substantially raised their prices.

The second strategy of Japanese business employs rapid automation to defend their cost structure against newcomers such as South Korea. After Xerox succeeded in regaining its market leadership in the United States some ten years ago, the Japanese started to obtain American licenses for automation equipment and then began to improve on the equipment. There is infinitely more awareness in Japan of the urgency to automate and more understanding of what automation really means than in the United States, let alone in Europe. The Japanese have thus clearly taken a massive lead in manufacturing and selling automation equipment.

Japan's main defensive response to the threat to its world market position is to "go multinational"; that is, to move production out of Japan. Japanese firms began to go multinational before the sharp drop in the dollar's exchange rate that began in 1985. But the rapid appreciation of the yen since—the Japanese now speak of the "mighty yen"—has turned going multinational into a stampede. Japan is moving manufacturing either to low-wage countries or directly to the countries in which it sells.

Fifteen years ago everyone thought that Japanese multina-

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tionals would be a contradiction in terms. Analysts cited many reasons why Japanese companies could not possibly operate successfully in foreign countries: the language barrier, culture, the tight cohesion of a Japanese management group and so on. These obstacles are real, and still exist. But Japan has gone further in a few years toward making its industry multinational than any country has ever done in a comparable period. In 1983, 98 percent of all the goods sold by Japanese companies overseas were produced in Japan; only two percent were made offshore. By the end of 1986 the offshore proportion had risen to five percent of a much larger Japanese manufacturing volume. This is still well below the corresponding American figure of 20 percent, but at the rate at which the Japanese industry has been going multinational in the last two years, it will reach the American proportion in the early or mid-1990s.

As recently as 1985, for example, Japanese-owned companies did not employ anyone in the border city of Tijuana, Mexico. By early 1987 Japanese companies employed a full third of all Tijuana industrial workers who worked for a foreign employer, or a total of 10,000 people. By the end of 1987 Matsushita alone will employ 3,000 people in a Tijuana plant making television sets for the American market. Now that Spain has entered the European Common Market, Japanese companies are flocking in to exploit its fairly low labor costs and are building one Spanish plant after the other. I was recently told in Madrid that in three or four years Japanese companies are likely to be the largest foreign employers of Spanish labor. Finally, the goods that are being sold in America as "Made in South Korea" are, to a large extent, also products of Japanese multinationals. The Hyundai Excel—the fastest growing automobile model in North America last year—was designed by Mitsubishi, which also supplies the transmission and the electronics and holds a substantial interest in the Hyundai Company.

These offshore Japanese plants are new, efficient and enjoy high productivity and low costs. The lowest-cost producers in the Matsushita group, for example, are now said to be the semiconductor plant in Dallas, Texas, and the color television plant in Hamburg, West Germany. Similarly, Honda's costs in its Marysville, Ohio, plant are now believed to be as low as its lowest costs in Japan. And the plant that Toyota runs in Fremont, California, in a joint venture with General Motors is

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said to have costs that compare favorably with Toyota's Japanese plants.

The Japanese have been equally successful in some service industries. In the last few years, the four major Japanese brokerage houses have moved into leadership positions in the capital markets of New York, London, Hong Kong and Singapore. Japanese construction companies, faced with a sharp slowdown of building activity at home, are successfully bidding on major jobs overseas, including a museum in Los Angeles, a water purification complex in Virginia and a petrochemical plant in Algeria.

The Japanese have thus become successful multinationals in amazingly little time. It is a truly remarkable achievement and the true Japanese "management miracle" of the last decade.

Finally, there is Japan's new offensive strategy—the one least understood in the West. One might call it "outflanking" the West, especially the United States.

Outflanking aims at getting and keeping leadership in those industries that are taking over from smokestack industries as the engines of economic growth. These industries are already well established. The science on which they base themselves is known. They already enjoy large and rapidly growing markets, especially in the developed West. Yet their technology is still changing. Hence it is possible in these industries to look five years ahead and predict what new and advanced technology and products will be needed tomorrow but can already be defined and specified today. This then makes possible organized systematic work today on these future products.

The outflanking strategy, like training and management, is based on an American invention of this century: program research.[4] Program research goes back to the first industrial lab in America, the General Electric lab in Schenectady, New York, built in the early years of this century. It then became the concept on which the famed Bell Labs were organized. The history of American program research is rich with success: the conquest of polio through a planned research program spanning 30 years, the Manhattan Project during World War II, and NASA's effort to put a man on the moon. Now the Japanese are systematically applying program research to gain leadership in the new major growth industries.

[4] For more on this see the concluding chapter, "Social Innovation—Management's New Dimension," in *The Frontiers of Management*, *ibid.*

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For Japan the results of outflanking have been rather mixed. Ten years ago, when it first became apparent to the Japanese that their traditional economic policy would have to change, they targeted seven industries for systematic outflanking of the West: semiconductors, robots, computers, office automation, telecommunications, pharmaceuticals, and biotechnology and genetics. Only in semiconductors and robots have the Japanese so far attained worldwide leadership. Their success in both owes a great deal to American mistakes: cutting back research expenditures in semiconductors during a temporary slump in the early 1970s, and stopping work on robot development in the short but sharp recession of the early Reagan Administration. These mistakes enabled the Japanese to move in.

In the other five target industries, where America has kept up research and development work, the Japanese are still far from anything that could be called a leadership position. In pharmaceuticals, for instance, Japan today is more dependent on prescription drugs developed by foreign (and especially American) firms than ten years ago. Furthermore, to the extent that Japanese companies have developed important drugs, they are being sold outside Japan by foreign licensees rather than by the Japanese companies themselves.

Outflanking is still imitation rather than innovation. But it is far riskier than the strategy that earlier gave the Japanese success in the export boom. The cue for both comes from Western technology and already-developed Western markets. But in the earlier imitation strategy, the products too had already been developed by the West and were already successful in the Western markets. Outflanking, on the other hand, tries to anticipate tomorrow's products by projecting today's trends. And if the trend changes, outflanking will then have produced the wrong products.

This actually happened in computers. When the Japanese decided to make computers a target industry ten or twelve years ago, the large mainframe computer dominated. It was only logical for the Japanese to concentrate their outflanking efforts on mainframes. The technical results are very impressive—they now have world-class mainframes. However, this is not where the growth in computers is. Just about the time the Japanese organized their mainframe efforts, two totally unknown young Americans designed a personal computer, the Apple. At once the dynamics of the industry switched from mainframes to mini- and personal computers. As a result the

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brilliant work of the Japanese on mainframes has not given them a major market position in computers anywhere except in their own country.

The Japanese are clearly aware that the outflanking strategy so far has not been particularly successful. They are in the process of converting outflanking into a multinational strategy. A good example is the increasingly common joint ventures between a large Japanese manufacturer and a small American high-tech designer (often buttressed by an infusion of capital from Japan) under which integrated circuits for semiconductors are designed by the American partner, turned into semiconductors in the plants of the Japanese partners in Japan, and finally sold primarily to American industry. Similar joint ventures are becoming common in computers and in pharmaceuticals. And the Japanese are teaming up with American universities, especially in the field of biogenetics in which Japanese universities are far behind.

Outflanking, therefore, has yet to be proven. But it is always a mistake to underrate the Japanese—a mistake foreigners have made ever since the Chinese first came into contact with Japan around A.D. 500. Once the Japanese have made up their minds to do something, they are likely to persevere. The Japanese will persevere in their outflanking strategy, whatever adaptation it may require. It alone promises to shift the Japanese economy from depending on the industries of yesterday to the industries of today and tomorrow. The only sensible assumption, therefore, is that Japan will become an even more serious competitor to the West on the world's markets.

V

There is one major reservation to this assessment: the impact of the needed changes in the economy on Japan's society and politics, if not its social cohesion altogether.

Japan's drive to become a great economic power was supported by all major social groups: civil service, big business, small business and labor. For 30 years the task of building Japan into a world economic power has united the major interests in a common goal, which has given Japan a social consensus and created "harmony," to use Japan's favorite word.

There have been, of course, plenty of conflicts and plenty of competition. There is nothing more competitive anywhere in the world than the Japanese school examination, which deter-

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mines whether a youngster can get into the right high school and the right university, and thereby determines whether the youngster will gain access to a decent job and a promising career. There is nothing as fierce as the competition among Japanese companies in the same industry, e.g., the competition between Toyota and Nissan in the automobile market, or the competition between two major banks for the Tokyo housewife's savings. And despite "industrial harmony" the annual battle between large companies and the unions over wages and bonuses is not a sham fight. But for 30 years these were not conflicts between the winner and loser, but conflicts over who gained more.

This congruence cannot survive into the next stage of Japan's economic development. Whatever decisions Japan makes on economic policy will be antagonistic rather than consensual ones. Whatever directions Japan's decision-makers choose will represent a victory for one interest over another and a change in economic and social balance.

Japanese business is still very much less multinational than that of any other developed country. And so far, despite all the threats of trade sanctions in the West, there is still mostly only *talk* of opening Japan to foreign imports. Yet there is almost panicky fear in Japan of "de-industrialization"; the Japanese term is the "hollowing out" of industry.[5]

If Japanese industry successfully goes multinational, Japan's civil service loses its leadership role. "Administrative guidance," under which Japan's business is directed toward the economic goals that the mandarins in the major ministries have formulated, no longer works. A Japanese company that goes multinational effectively slips the leash; it generates abroad—that is, beyond the controlling power of the Japanese bureaucracy—the resources for its own growth and expansion. Above all, its economic transactions are increasingly between units located abroad, under foreign jurisdiction, and largely staffed by foreigners rather than by Japanese. Similarly, the moment Japan becomes a major importer of industrial goods rather than a producer, the mandarins have lost power. They can no

[5] An example of the expression of this fear is an article by one of Japan's most respected trade unionists, Yukuo Ajima of the Federation of Electrical Machine Workers' Unions, "Electronics Makers Move Offshore," published in Japan's leading economic journal, *Nihon Keizai Shimbun*, on Sept. 15, 1986. The article appeared in English translation in the December 1986 issue of *Economic Eye*, published by the Japan Institute for Social and Economic Affairs, the research center of Keidanren, the spokesman for big business in Japan.

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longer decide which goods should be manufactured in Japan, by whom, under what terms, and so on. At the very best they become regulators rather than leaders.

Furthermore, there is no longer unity within the business interest. Multinationalism and the importation of industrial goods from abroad may indeed be in the best interest of Japan. But they also are in the best interest of big business. It is big business that is going multinational. And big business can expect to be in control of whatever industrial imports come into Japan; they will be funneled through the joint ventures of the big companies. Medium-sized and small businesses, on the other hand, see themselves endangered by either development. The labor-intensive production that multinationals move offshore is precisely what medium-sized and small suppliers provide now. Japanese companies are already buying abroad, in Taiwan, in Hong Kong, even in the United States, parts and components that only a year or two ago they bought from small- and medium-sized Japanese suppliers. The firms that would be most threatened if Japan opened itself to imports of manufactured goods from abroad would again be small- and medium-sized companies.

The decisions that lie ahead for Japan, in other words, threaten to reopen the dangerous fissures of the 1920s and 1930s between big business and small business, between sophisticated corporations which live in the modern world and traditional Japanese businesses which are still struggling with modernization.

But the greatest challenge posed by the economic decisions ahead is the challenge to the social compact on which Japanese society and Japanese domestic peace largely rest: lifetime employment.

Demographically it makes abundant sense for Japanese industry to go multinational. Japan faces a sharp drop in the supply of young people as a result of the "baby bust" of the 1960s. Ten years hence the number of young people reaching working age will be between a quarter and a third less than it has been in the last ten years. And the number of young people available for blue-collar manufacturing work will be even smaller—at most half of what it has been. Two-fifths of all male Japanese now stay in school beyond high school. In Japan, more than in any other country, this means they cannot be hired as blue-collar workers but are available only for managerial and professional employment.

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Exports of manufactured goods primarily create jobs for blue-collar workers. Multinational subsidiaries offshore, however, create jobs at home primarily for engineers, accountants, managers and so on. The people for whom Japan will have to create good jobs tomorrow are not blue-collar workers but university graduates. To go multinational is thus the right policy for the year 2000. It is even the right policy for the Japan of today's young people—at least for half of them. But it makes redundant thousands of today's blue-collar jobs in the steel, automotive, consumer electronics and machinery industries. Because of the export boom of the last ten years, these industries employ proportionately far more people in Japan than they do in most countries of the West. They pay the best wages by far, and are most heavily unionized. Above all, they are the industries that preeminently offer lifetime employment.

In fact there is already considerable true unemployment in Japan. The official figure stands at three percent. But practically every informed Japanese knows that this is statistical fiction. The Ministry of International Trade and Industry is known to put the real figure at five percent. Many industry observers put it even higher, at around seven-and-a-half to eight percent, well above the corresponding U.S. figure. One reason for this discrepancy is that a good deal of the reduction in employment in Japan has taken the form of forced early retirement of middle-aged people. They face a very sharp reduction—up to two-thirds—in their income. But officially they are not unemployed; they are "retired." Equally important is that large companies do not "lay off" people. They keep them on the payroll—some of them coming to work, many more being "furloughed"—rather than violate their unwritten lifetime employment obligation.

But it would not take much hollowing out of industry to force Japanese industry into massive layoffs. Indeed, they are already in the making. The Japanese National Railroads—notoriously overstaffed for decades and operating at a horrendous deficit—will lay off around one quarter of their total work force in the next few years. The steel industry will lay off one third. Similarly, with the shift of automobile production for the export market from Japan to plants in the United States and Spain, the automobile industry—Japan's largest single industrial employer—may face forced reductions of up to 50 percent.

In terms of economics and statistics, it should be much easier

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for Japan than the United States to find new jobs for redundant blue-collar workers, and perhaps jobs that pay just as well. Japan has enormous infrastructure needs. Japan needs to modernize its coastal ports, for instance, in order to provide efficient domestic freight transportation. Japan also needs more high-rise residential units closer to its downtowns that will cut commuting time—now often running to four hours a day for white-collar employees. In contrast to the United States or Western Europe, the new jobs would be close to where the laid-off workers live.

Nevertheless, such changes would cause massive social dislocation; such a shift would fracture the concept of lifetime employment, which guarantees an employee more than just a job until retirement. A worker in Japan becomes unemployable if he loses his job. Wages in Japan are based on seniority rather than on position, rank or performance. A blue-collar worker at age 30 makes twice what a blue-collar worker makes at age 18. So does a clerk or a manager. To pay a 30-year-old man who has a wife and children the starting salary of an 18-year-old or a college leaver is obviously not possible. But it is equally not possible to pay someone who enters a company the wage or salary of the employee with 12 or 15 years' seniority. The 30-year-old unemployed is thus unlikely ever to find steady employment again.

Nevertheless, the economic problems of shifting workers with lifetime employment to new employers and new jobs can be finessed. The real challenge is psychological and social. Lifetime employment is a status symbol and a powerful one. It is above all a symbol of the underlying harmony between company and employee. It expresses the most profound conviction of modern Japan, that the large enterprise is run primarily for its employees, at least as long as it does not get into severe financial trouble.

The strength of post-World War II Japan—or at least its unique characteristic—is that it sees itself as a community, as a *kazoku*, or family. Japan itself is a *kazoku*. So is Kawasaki Steel and the Fuji Bank—and also the Ginza branch of the bank or the toy section in the *departo*, the big department store. It is this unique characteristic, this identification with the *kazoku*, the family, that lifetime employment symbolizes. Can Japan maintain *kazoku* and yet restructure industry and employment?

Japan's economic policies are criticized in the West as protectionist and mercantilist. Yet when they were first conceived

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30 years ago they brilliantly matched the realities of Japan's economy and its needs. Indeed, no other policies could possibly have worked. Japan was then, as now, totally dependent on imports of raw materials. As a result Japan, everyone agreed, was bound to have a permanent and incurable payments deficit. (Indeed the deficit persisted until 1980, which most people in the West—though few Japanese—have forgotten.) Yet Japan needed industrial equipment. And it had a large, rapidly growing and highly educated population which needed jobs. There was also a need to provide this population with the material incentives to work hard. These needs were met by the joint venture with the foreigner, an arrangement that brought to Japan industrial know-how and industrial production, and with it jobs and material incentives.

While conceived in economic terms, the arrangement equally served Japan's social and political needs. It provided a common goal and social cohesion. It also restored the leadership position of Japan's political elite, the bureaucracy, which the war and its defeat had discredited. There are few, if any, examples in economic and social history of a policy design that was both so simple and so successful. Its very success has rendered it obsolete. Nothing, especially in politics, is as difficult to argue with as success. Nothing is more controversial and more emotional, however, than the problems of success.

VI

There is even more at stake in the economic policy decisions Japan now faces, though it is intangible and elusive: Japan's position in the world, if not its identity.

Since the arrival of Commodore Perry's black ships, Japan's long-range aim has been to become a modern civilization while maintaining its own unique culture.

Nothing is more hotly debated in Japan than what "Japanese culture" really stands for. The arguments often become scurrilous. "Genuine" Japanese culture, for instance, is said to be whatever existed 200 years ago when Japan was still closed off to the outside world. Another popular definition of genuine Japanese culture is that it is something that exists only in Japan.

But no matter how vague the concept or its definition, there is no doubt that Japanese culture is a reality. As a knowledgeable Japanese friend phrases it: for Japan to be equal requires Japan to be separate. If Japan were not separate, it could only be inferior, and would soon become a colony of the West.

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There is, of course, a fair amount of chauvinism behind this attitude, and quite a bit of parochialism.[6] But at bottom, the Japanese attitude reflects the knowledge that they will never be Westerners no matter how westernized they might become.

The Japanese are arguably more receptive to the lure of foreign goods than any other people. Japan buys proportionately more goods with foreign trademarks and foreign labels than any other country in the world. Each Japanese, for instance, spends three times as much on goods with American labels as Americans spend on goods from Japan. But the American-labeled goods the Japanese buy, whether a computer, soft drink, prescription drug or chocolate bar, are "Made in Japan," not imported. There are more concerts of Western music every day in Tokyo than in any city in the world. The Japanese today translate more foreign books into their own language than any other nation in the world. And yet the achievements that have given Japan artistic leadership in the period since World War II—the Japanese cinema, the modern Japanese wood block print, and the works of such great writers as the Nobel Prize winner Yasunari Kawabata, or Yukio Mishima—though thoroughly modern, are distinctly Japanese.

The traditional Japanese policy puts Japan *into* the modern world, but it still does not force it to be *of* the modern world. It gives Japan modern Western civilization. But it keeps the West, so to speak, at arm's length. Or at least—and this is perhaps the salient point—it leaves it up to the Japanese how far to go in being westernized.

But can this be the case if the economic integration between Japan and the outside world takes the form of the multinational? In the traditional relationship the Japanese stayed at home and their goods traveled abroad. In a multinational, the Japanese move abroad, live abroad, become members of a non-Japanese community and in turn accept non-Japanese as colleagues and even as superiors. To be sure, it is a triumph for Japanese adaptability that the American subsidiaries of major Japanese companies are run very much as American companies; and the Spanish subsidiary of the same company is, in turn, run very much as a Spanish company. It is equally a triumph for Japanese adaptability that Mitsui, a major Japanese trading company, has adopted English as its business language in all its

[6] See Karel G. van Wolferen, *op. cit.*

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offices. But does this then still permit maintenance of a separate and distinct Japanese culture? Will it not deprive the Japanese of their uniqueness as "Japanese" without making them accepted and acceptable as Westerners?

These may sound like esoteric concerns. But they are real, and cannot be dismissed. They are the ultimate reason why the Japanese today are so worried over the hollowing out of their industry. It is not primarily an economic fear. Indeed, many Japanese accept the *economic* case for multinationalism and for economic integration into the world economy. It is not even primarily a social fear, although there is a real danger to Japan's highly valued (and yet quite fragile) social harmony. The fear is what the Japanese call *haragai*—literally "gut feeling." It might be called an existential fear. The decisions ahead, while about economic policies and economic relationships, are at bottom decisions about the persona of Japan in a modern, that is, Western world. They are decisions about automobiles, about tariffs, about foreign exchange rates, to be sure. But they are also decisions about the integration of the first, and so far only, non-Western country that has fully mastered modern material civilization and has become an economic great power. They are, in other words, decisions not only about the meaning of Japan but also about the meaning of the West itself.

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Christoph Bertram

EUROPE'S SECURITY DILEMMAS

If there is one banality about the NATO alliance, it is that it is constantly facing challenges. It appears that there can never be a state of harmonious calm in alliance affairs: perennially, either specific problems (the scarcity of money and men for defense) or more general ones (how to assure the American security guarantee for Europe) trouble those who care for this unique organization of Western security.

It would be astonishing if it were otherwise. After all, the North Atlantic Treaty Organization is an extraordinary product of international cooperation. Comprising 16 sovereign and democratic states, and accommodating the concomitant changes in parliamentary majorities and political leadership in those states, NATO links a nuclear superpower with global outlook and commitments on one side of the Atlantic to a host of medium-sized and small states with regional concerns and perspectives on the other shore. In its relations with the Eastern bloc, NATO strives to achieve military security through deterrence while seeking political security through détente. NATO's strategy joins, through the threat of nuclear escalation and the presence of large numbers of U.S. forces in Europe, the fate of the United States to that of its allies across the Atlantic—thus reminding Americans that the days of their invulnerability are long past, and reminding Europeans that U.S. actions outside Europe will involve them too.

In other words the alliance is full of built-in frictions. It is not astonishing that these tend to break out into the open. What is amazing is that the alliance has held together for so long. It will soon celebrate its 40th anniversary; none of its member governments, and none of the major opposition parties which challenge them, desire to make use of the right, available since 1969, to quit the treaty on one year's notice. This explains why the prophets of crisis and division in NATO have rarely been heeded. Appearances notwithstanding, the

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alliance has never been in serious danger of falling apart. Its longtime partisans have rightly been confident of its adaptability to change and its resilience under pressure.

Yet these virtues are likely to be tested more severely in the future than they ever were in the past. The crises that shook NATO during the past were caused less by fundamental disagreement over central alliance issues than by difference over marginal ones. The three chief tenets of NATO have never been in doubt: a common purpose, a common strategy and a common defense. There have been times, it is true, particularly in the early years of the Reagan Administration, when Europeans felt uneasy with Washington's strident anti-Soviet rhetoric; in contrast there were times, especially in the late Nixon and early Carter periods, when Europeans were concerned over Washington's cooperation with Moscow. There have been differences within NATO concerning the common strategy, most prominently in the early 1960s over the shift from massive retaliation to flexible response. And as long as the alliance has existed there has been the enduring problem of how to find the resources required for modern defense.

But today these problems present themselves with increased stridency, and they are converging simultaneously. As the alliance ponders the best response to Soviet General Secretary Gorbachev's various arms control initiatives, there is also a new sense of uncertainty over the central, nuclear aspect of NATO strategy; this unease is accompanied by the prospect of unprecedented manpower constraints on armed forces of NATO countries on both sides of the Atlantic. Even for an alliance that has learned to live with its internal frictions and weathered many crises of cohesion, dealing with this range of problems is a tall order. No one who is concerned about the West's future can afford to take it lightly.

II

Is there still a common purpose? Do Americans and Europeans still agree that the chief risks to their security lie in Europe? There are two aspects to this dilemma. The first is the one much debated in the United States in recent years, whether the real threat to Western security originates beyond Europe—e.g., in the Persian Gulf, in Central America, in the Middle East. The second is whether, with an imaginative reformer now in command in the Kremlin, the traditional threat percep-

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tions that underlie all NATO planning remain valid, militarily as well as politically.

There is no doubt that Western security is challenged from a variety of sources, of which the military power of the Soviet Union is only one; instability in important Third World regions, uncertainty of access to vital raw materials, threats from international terrorism—all these indicate vulnerabilities which may require some military counter. Yet it is also certain that nowhere but in Europe is the threat to the West as clearly articulated by the presence of large organized military forces; that nowhere is the link between local conflict and general war as immediate.

This is a reality forgotten by those who argue that the dangers to Western security have receded in Europe and present themselves more pressingly elsewhere. For even if the critics of NATO were correct in this assertion (and they are not), there is much to suggest that it is precisely because of a heavy investment in military strength that Europe enjoys considerable stability in security terms today; and it is clear that unilateral reduction of the Western military presence would undermine that stability.

Even if other threats were judged to be of a severity similar to that in Europe (and this is difficult to contemplate), it does not follow that those extra-European conflicts could be met with the kind of military means available in Europe. Indeed, while it is easy to identify a whole range of trouble spots around the globe where conflict would threaten Western security interests, it is a totally different matter to define a useful function for large-scale military forces in coping with such threats. In crises in the Persian Gulf or in Central America the indirect use of force—support for proxy parties coupled with political pressure—promises to be much more effective than any massive military display of direct force. This would be true even if the technical difficulties of dispatching a direct force quickly and sustaining it abroad could be overcome. The value of the deployment of massive military force is highest where its possible use yields the best security dividends—and that is still the case only in Europe (and possibly in South Korea) and not in any "out of area" crisis.

The second aspect is more significant: is the Russia of Gorbachev, for Americans and Europeans, the same as that of his predecessors? Gorbachev is the first Soviet leader to talk of "common security" (unlike Stalin), to abstain from saber-rat-

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tling and dramatic Third World adventure (unlike Khrushchev) and to emphasize the Soviet need for international stability as a function of his desire to promote domestic reform at home (unlike Brezhnev). Indeed, if the statements made by the general secretary were to come to reflect a committed, sustained policy, this would be the kind of attitude that the West has always sought: the Soviet Union as a responsible superpower, conscious of its obligations to international order and no longer prepared to define its security interests at the expense of others.

The problem is that even if these expressions of intent are genuine, Soviet power will be of a profoundly ambiguous nature for a very long time to come. This is true partly because of the old tension between announced intentions and capabilities: as the Soviet Union is not about to abdicate its superpower status, its military capabilities will remain a threat to those who do not trust its declarations of friendly intent. There is the further fact that old and new Soviet intentions, while possibly reflecting different aims, can still look disturbingly alike. For instance, Mr. Gorbachev's proposals for removing all Soviet and American nuclear weapons from the territory of Europe may genuinely be meant as a first step toward removing the threat of war; but they could also serve the old objective of making Europe safe for Soviet military dominance by removing the link between the security of Western Europe and that of the United States. Whatever tests the West may devise to evaluate the "new thinking" in Moscow, they will yield ambiguous results.

Western unity during the postwar period, however, owes much to a shared sense that the threats to Western security are unambiguous. Without the cold war the North Atlantic Treaty would scarcely have been concluded, and the Soviet posture of geographic expansionism, military overinsurance and internal repression is the main reason the alliance has survived for so long.

Mr. Gorbachev's striking arms control initiatives suggest an attempt to move away from traditional Soviet military overinvestment. He is manifesting the Kremlin's desire to withdraw from exposed positions in the Third World. And his appeals for reform, "democracy" and public accountability all contribute to a less frightening image of Soviet power in the West. If it were only the "Soviet threat" that held the alliance together these would be worrisome prospects for Western cohesion.

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Indeed, there are some on the conservative side of the political spectrum who would welcome the failure of Mr. Gorbachev's reforms if only to regain the convenient, unifying threat perception of the past. And there are others, on the left of European politics, who would like to convince themselves and others that there is now no serious threat to European security and hence no raison d'être for a strong NATO.

But while the alliance was born from fear, it has always been more than a mere reaction to a real or imagined Soviet menace. After all, countries have often shared a sense of being pressured by a foreign power, but this has only rarely led them to join forces in peacetime. Moreover, the concern over Soviet power has varied in intensity during NATO's 38 years—and yet the cohesion has held: from the height of concern at the outbreak of the Korean War to its easing with the spirit of Camp David, from the fears surrounding the Berlin and Cuba crises of the late 1950s and early 1960s to the hopes for superpower and European détente in the 1960s and 1970s, from the outrage over the Soviet invasion of Afghanistan to the utopian (and abortive) arms control auction at Reykjavik. Fears and hopes have flowed and ebbed in East-West relations, limited crises have been followed by limited accords, and yet the alliance has not fallen apart. Clearly the glue that holds NATO together is supplied not only by fear but by the member nations' sense of being comfortable with each other, of being able to work together in the knowledge that this serves the security interests of all. Had the alliance relied exclusively on common fears for its survival it would long ago have gone the way of those ad hoc military arrangements which nations in the past made to address imminent threats.

Moreover, the challenge to Western and European security will not disappear. The traditional NATO perception of a large-scale Soviet attack against Western Europe may need to be reconsidered if Mr. Gorbachev's ambitious reforms and proposals consolidate into sustained policy. While the kinds of reductions in nuclear and conventional forces that the Soviet leadership currently envisages will never fully satisfy cautious military planners in the West, they would nevertheless render the massive movement of Soviet troops westward more difficult. NATO's traditional war scenario has already lost much of its former persuasiveness—if only because it has become so very difficult to imagine any prize that would be worth the

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immense risks, both military and political, that the Soviet Union would incur in such an operation.

Another danger has long been more plausible: that the Soviet Union, faced with upheaval and unrest on its East European *glacis*, might use force to restore discipline through military repression—and that Europe, as so often in the past, might drift into an unplanned conflict, with local skirmishes escalating into major war. It is not so much the weight of Soviet military power itself that causes insecurity for Europe, as the combination of that power with the nature of Soviet political control over Eastern Europe.

This insecurity may even increase as a result of internal reform within the Soviet empire; after all, it is during periods of reform and change that the discipline imposed by colonial power has been most likely to crack and permit upheavals.

Any precise threat scenario is a matter of speculation, not of prediction. The alliance will have to realize that defined and precise threats are the exception, not the rule, in international affairs. The common benefit of standing together in a period of uncertainty remains. But there is a need to adapt. Just as in times of heightened Soviet military pressure the main test of the alliance is whether it can muster the necessary military response, so in a time of Soviet diplomatic initiatives the West has to prove that it can formulate a convincing response as well. The notion of common purpose will fail if the military threat is exaggerated out of all proportion or if its existence is used as an excuse for diplomatic stonewalling; those are the circumstances in which differences of outlook between the members of NATO develop into centrifugal forces. That is a truth which the alliance understood so well in the mid-1960s when the Harmel Report emphasized that alliance policy must address détente as well as deterrence. It is even more pertinent today.

III

Thus there are good reasons for the members of the alliance to continue to share a wary sense of common threat. But do they still have a common strategy to meet it?

Officially, of course, NATO's strategy of flexible response is still in force. It is based on the need to maintain adequate forces in both the conventional and the nuclear categories. Basically this strategy is a defensive doctrine designed to repel aggression and restore the integrity of NATO territory. Nuclear

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weapons are part of the spectrum of means to discourage an attack and prevent defeat. There is consensus that the use of nuclear weapons, because of their immense implications, should be considered only when other means are failing, that it should occur late rather than early in any conflict, and that it should be directed in selective rather than indiscriminate fashion.

In recent years this strategy of flexible response has come under scrutiny on both sides of the Atlantic, particularly the role of nuclear weapons. Flexible response has always been ambiguous on this count, and with good reason: had it been otherwise it would have caused uneasiness in the United States (where people would wonder if the fate of Hamburg was worth the risking of New York) and in Europe (where people would fear the destruction of their civilization by nuclear war). Moreover, flexible response is a strategy of deterring, not fighting, a war. As such it can and must include a strong element of ambiguity about the conditions in which the ultimate weapon would first be used, if at all.

The trend of the public defense debate, however, has increasingly been toward confusing the central distinction of security in the nuclear age: that between deterrence and war-fighting. As technologies seem to permit an increasing range of nuclear precision-use, the thought of employing nuclear weapons for war-fighting, not merely deterrence, has gained ground in the United States. And in Europe, when the NATO allies were asked by the Carter Administration in 1979 to agree in advance to the stationing of U.S. intermediate-range nuclear forces (INF), the bitter public debate that ensued focused not on deterrence—which, after all, had been maintained for all of the postwar period—but on the eventuality that deterrence might break down.

There is no reason why deterrence should break down. The changes that have occurred in the East-West military balance over the past decades have not altered the fundamental deterring fact: that neither side can exclude, with any degree of confidence, the judgment that a major attack might escalate to the strategic nuclear level and hence to mutual destruction. Moreover, the risk of accidental nuclear war has, if anything, receded with the perfection of electronic safety locks. And nuclear weapons have become more immune to unauthorized use with the centralization of the nuclear release decision by both sides.

Yet we have witnessed a growing conviction (particularly,

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but not only, on the Green left of the political spectrum) that nuclear disaster is becoming more likely; in the United States President Reagan has even questioned the moral justification of nuclear deterrence, for the sake of promoting his Strategic Defense Initiative. In Britain the Labour Party repeatedly has voted not only for scrapping the British independent nuclear force, but, much more seriously for the alliance, for removing all U.S. nuclear bases from British territory. At the Soviet-American Reykjavik summit of October 1986, President Reagan seemed prepared to do away with all ballistic nuclear missiles within a decade, and with all nuclear weapons in the more distant future. And even cautious conservative Western governments, including the Kohl/Genscher coalition in West Germany, have sought to meet the growing public skepticism about nuclear weapons with soothing slogans such as "Toward Peace With Ever Fewer Weapons." All have suggested that, contrary to the European postwar experience, nuclear deterrence and the absence of conflict are, at least in the long run, a contradiction in terms.

The result is confusion in the West. No one has exposed this more thoroughly than the new Soviet leader. In 1979 the alliance decided to modernize its intermediate-range nuclear forces but, at same time, proposed a second "track" of negotiations to limit the arsenals on both sides. Yet in order to overcome European public resistance to the modernization program, the "double-track" decision soon became a conditional decision to insist on zero intermediate-range nuclear forces: if the Soviets were to dismantle their theater-range missiles, NATO would do likewise. In November 1981 President Reagan, at European prompting, made this his official proposal; at the time it seemed more a clever ploy than a bona fide strategy, since few if any in the West believed that the Russians would ever agree to scrap their modern, functioning SS-20 nuclear missile system.

Yet they did. Mr. Gorbachev proposed just that in January 1986. Since then the alliance has had to define its immediate response and long-term approach to nuclear arms control and deterrence. It has not used the time well. On the contrary, Western reactions to the series of Soviet initiatives that have followed display the same dominance of tactical considerations and political opportunism that shaped NATO's INF "zero-option" in the first place. Now the Soviet Union has accepted most Western conditions for removing all INF systems (missiles

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with a 1,000- to 5,000-kilometer range) from Europe and limiting them to 100 warheads in Soviet Asia and 100 warheads in the United States. Western governments do not have a choice: they have to stick to what they have so long requested. Otherwise their political credibility would be seriously and enduringly compromised—both among their own citizens and among their international partners and opponents. That credibility will be sorely needed in the rough times that lie ahead, not least when it comes to reasserting the need for nuclear deterrence in Europe.

This will require more political acumen and courage than most Western governments have shown so far. When Mr. Gorbachev first offered to accept a zero level for longer-range intermediate forces, Western governments still tried to gain time; they insisted that there should be concurrent constraints on the shorter-range INF systems (500- to 1,000-kilometer range), coupled with a U.S. right to build up to the Soviet level. The idea was that if NATO gave up the longer-range land-based INF missiles, perhaps a new balance for shorter-range systems might be achieved. But Mr. Gorbachev again surprised Western negotiators when he told U.S. Secretary of State George Shultz, during his visit to Moscow this April, that the Soviet Union was prepared to remove all shorter-range INF missiles from Europe as well. With the refreshing exception of British Prime Minister Margaret Thatcher during her Moscow visit in the spring of 1987, other Western leaders, not least those of West Germany, once again sought to temporize. Instead of defining the conditions for deterrence in Europe, most NATO leaders now present nuclear weapons as a burden that everybody would like to see disappear if possible. Nuclear weapons, so the new line has it, are needed only as long as the Soviet Union enjoys a marked advantage in conventional forces.

What will the alliance say if one of Mr. Gorbachev's next moves is to propose cuts in Soviet conventional forces? Even a conventional balance more conducive to Western security needs than the present one would not rule out a Soviet attack. As history has repeatedly shown, resourceful attackers can be weaker than defenders and still succeed. Do Western governments really want to leave peace to chance? Or is there, once again, the *arrière-pensée* that the West can escape having to take its own word seriously because the Soviet Union will not meet the formulated conditions?

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Whatever the motives, the result is more than an embarrassment. It reflects a profound sense of uncertainty in the West over its own security requirements. Perhaps Mr. Gorbachev has done a real service to the alliance by not only endorsing the West's previous proposals on INF but pushing them to their logical conclusion: the progressive removal of credible nuclear weapons from Europe. In the diplomatic chess game for European security, Western governments can no longer afford to procrastinate; the next move is theirs, and the clock is ticking away.

Of course Europe will not be "denuclearized" overnight. Even if all long- and short-range missiles were withdrawn, Western Europe would still retain a sizable array of nuclear weapons: 400 warheads on U.S. strategic submarine-launched missiles assigned to the Supreme Allied Commander Europe (SACEUR); the nuclear-armed cruise missiles on U.S. warships operating in European waters; the 72 Pershing I missiles operated by West Germany whose nuclear warheads are under the sole control of the United States (which the Soviet Union has proposed be withdrawn); up to 4,600 "tactical" nuclear warheads for use by fighter-bomber planes, short-range (110-kilometer) missiles and artillery; and finally the British and French strategic and "prestrategic" forces. In comparison with other regions, Europe remains, even after the removal of INF missiles, positively stuffed with nuclear weapons.

The trouble with this list, however, is that for the purpose of deterring conventional military attack, most of these systems are of doubtful value. The strategic warheads on submarines assigned by the United States to NATO are a political gesture of very limited military relevance; it is almost inconceivable (and indeed highly undesirable) that an American president would threaten the immediate use of these strategic weapons to cope with any conventional Soviet aggression limited to Europe. The sea-launched cruise missiles on U.S. warships, although of considerable interest to the European balance, are not at present tied to the European theater. The German Pershing I missiles are aging, vulnerable and, given the mounting arms control restraints, unlikely to be modernized. The tactical nuclear warheads, while the most numerous, have also always been the most difficult to justify. With most of them depending on delivery systems with very short ranges, they presuppose the least likely of all military uses—that in the early phases of a conventional conflict and on the territory of the defending

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country. Finally, the British and French nuclear forces are credible only for deterring a nuclear, and just possibly a major conventional, attack against the territory of these countries; because of their minimal size they cannot be expected to provide extended deterrence to the alliance's non-nuclear members, particularly not to West Germany.

One does not have to believe in the theological intricacies of "escalation dominance" or "coupling" to realize that, of all elements in the nuclear weapon spectrum, the long-range INF systems—in particular the mobile, slow and unprovocative ground-launched American cruise missiles—are the least expendable. Yet these are precisely the systems that would be removed under the emerging Soviet-American agreement. The alliance will be left with an arsenal of systems and options that provide either no deterrence or only an incredible deterrence because their use assumes a degree of wanton recklessness on the part of the West even beyond that commonly associated with any nuclear-use decision. In its most rudimentary form, NATO's flexible response doctrine holds that an attacker must be aware before he moves against the West that his aggression contains the risk of escalating to unlimited nuclear war. Once the systems in the middle spectrum of the nuclear arsenal are removed, NATO is left with weapons on both extremes—very short-range or strategic—which instead suggest to an attacker that he may either succeed in keeping nuclear war geographically limited or in avoiding a nuclear riposte altogether. "Denuclearization" is not the problem. The process under way is one of "de-deterring," and this is dangerous for Western security.

IV

What needs to be done? For one thing, the West has to muster the courage to get out of the zero-spiral of arms control proposals. That there should be no long-range INF in Europe is now practically agreed between the superpowers, and it makes no political sense for West Europeans to oppose now what they demanded so strongly in the first place. These are, however, special circumstances, and they must not become a precedent. In general, zero is not a sensible formula for stable deterrence or for stabilizing arms control.

Second, it is time to address the difficult issue of how nuclear deterrence can be maintained in Western Europe in the longer term. For political reasons it seems highly unlikely that for

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many years to come West European countries, with the exception of France, will agree to the introduction of new land-based nuclear weapons carriers on their soil, apart from airplanes. Hence the option is either to make use of existing systems differently or to introduce new sea-based options.

The options inherent in the Western post-zero-INF arsenal have the weaknesses already analyzed. To dedicate strategic weapons for the deterrence of conventional war in Europe would open up all the credibility gaps that NATO tried to close, 20 years ago, with the introduction of flexible response. To rely more on battlefield nuclear weapons would expose even more the inherent contradictions that lie in this category of weapons. To increase the number of nuclear aircraft would not only raise the old dilemma that they might be needed more urgently in a conventional role, but also emphasize their vulnerability. The nuclear forces of Britain and France will remain, even after their projected expansion, what they have always been: capable at best of deterring an attack against Britain or France but not of extending deterrence to other allies.

These considerations give weight to an alternative that has received little attention to date: a force of U.S. sea-launched cruise missiles dedicated to the deterrence of war in Europe. The Tomahawk cruise missile is fit for both land and sea use, and for nuclear and conventional warheads. Technically it should not be difficult to earmark, say, 200 of these already existing weapons for the European theater.

There would, however, be institutional and political problems. Would the U.S. Navy, which pursues its own nuclear deployment doctrine, be prepared to subject a certain number of its weapons and launchers to the—very different—doctrines of NATO? Would the navy agree to give up the flexibility inherent in moving ships in and out of the European region and subject them to the authority of SACEUR? And at least as important, will West European governments—some of which considered and rejected the sea-based option back in 1979—be ready now to make their own unambiguous commitment to such a force—ranging from providing home ports to escorting the dedicated U.S. force with European warships?

Whatever the answer the alliance gives in the end, there cannot be a non-nuclear NATO doctrine, there can be no notion of limiting the risks of war to Europe, and no alternative, in terms of deterrence, to U.S. nuclear weapons dedicated to the

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European theater. These have been the chief elements of NATO doctrine in the past. Nothing that has happened over the past decades has disposed of any of them. Perhaps under the impact of Mr. Gorbachev's overtures, the alliance will remember that it needs a common strategy for deterrence if it wants a common strategy for arms control as well.

V

The third and most traditional challenge, but by no means the least daunting to the alliance, lies in conventional defense. It poses itself not merely in the familiar way, with one or another alliance member facing temporary problems in acquiring and maintaining the necessary military manpower. Rather the majority of Western armies are now, or soon will be, affected, and there is no indication that this mutual problem will be solved unless addressed and tackled in common.

The specter that many in the West have feared in the past, often prematurely, is now becoming a reality. The major armies providing for the conventional defense of the central European front are all facing what could be severe manpower reductions over the next few years.

American forces in Europe number some 320,000 today. But despite the repeated assurances of the Reagan Administration, which has done much to improve and even to increase the American military presence in West Germany and elsewhere, it is highly unlikely that this level can be maintained. The reason lies less in a change of the American mood, as Europeans are prone to think, than in limits to American resources. After all, moods change more frequently than deployments—witness the predictions a few years ago that the United States would turn increasingly toward the Pacific, that unilateralism would overshadow alliance commitments and that a more inward-looking America would want to bring the boys home. All those currents of opinion can, of course, shape American attitudes toward Europe, often generating impatience with the supposedly "free-riding" allies on the other side of the Atlantic. But so far they have rarely coalesced into hard decisions. When the size of the U.S. presence in Europe has been altered in the past it has been as a result of more direct, functional pressures—such as the Vietnam War, when men and ammunition had to be reallocated to Southeast Asia.

Today it is just that kind of direct pressure which is likely to produce reductions. For the past two years the U.S. defense

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budget has not increased in real terms and, as the deficit-cutting devices bite, it is unlikely to remain at even the present level. Yet freezing or cutting a defense budget usually has asymmetrical effects. Items such as major equipment programs, protected by long-term contracts (and high cancellation charges), inevitably fare better than the "softer" areas of the budget, namely maintenance and manpower. This means that the level of U.S. troops in Europe, the second-largest conventional force on the central front, may not be maintained.

During the Vietnam years the growth of West Germany's Bundeswehr could make up for the decline in the U.S. presence. But now the Bundeswehr, the largest conventional force in NATO's Central European Command, feels the pinch itself. Here the driving pressure is not primarily the lack of funds (although these too are unlikely to register growth in real terms) but the lack of enough young men to be drafted. Even under the optimistic projections prepared by the West German Defense Ministry, the Bundeswehr will shrink by ten percent over the next seven years as a result of the rapid decline in available conscripts. Today the armed forces require some 250,000 conscripts annually. By 1994—due to demographic decline—only 130,000 will be available. The government has introduced an extension of the draft from 15 months to 18 months, to come into effect in 1989. But that will not be enough to fill the gap. So volunteers have to be won as well—and at a time when industry and the public sector will be competing vigorously for the members of a smaller age group reaching their late teens. Today's official projections, which present the problem as manageable, are probably unrealistic.

And the list goes on: the British defense budget, after a hefty growth in the first part of the 1980s, is experiencing a decline in real terms; the costs for the new Trident II forces will further squeeze the funds available for conventional forces. Although France has just increased its defense budget, one third of its expenditures will be devoted to nuclear forces. The smaller NATO countries find themselves in similar straits.

In short, NATO's conventional forces will almost inevitably shrink. None of the major nations will be able to make up for the reductions experienced by the others. On the contrary, once one nation announces reductions all the others are likely to follow suit only too eagerly.

Arms control is unlikely to alleviate this situation. It is true that East and West are inching closer to negotiations on con-

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ventional forces in Europe, and there are pressures in the East, too, to diminish the burden of large standing forces. But these pressures are less obvious, less immediate and less widespread than in the West. The incentive for the Soviet Union to pay for reductions in NATO forces with major reductions in Warsaw Pact forces will be small indeed when the Western military establishment is contracting in any case.

Of course arms control negotiations have sometimes encouraged unilateral cuts, as the talks on Mutual and Balanced Force Reductions showed in the early 1970s. But today the situation is such that this discipline, in all probability, will fail to impose itself. The West would now have to enter negotiations with the Soviet Union in the knowledge—on both sides—that, regardless of the outcome at the bargaining table, the size of conventional forces in Western Europe will be significantly reduced.

It is unlikely that this deficiency could be overcome if, as some suggest today, NATO were to link the reduction of short-range nuclear weapons with conventional arms control. For one thing, the West would positively invite a Soviet proposal that suggested cosmetic unilateral cuts in Soviet conventional forces combined with a total removal of all battlefield and short-range nuclear systems on both sides. This would be difficult to reject given the present European nuclear allergy and would leave NATO in a progressively inferior conventional situation. Furthermore any serious negotiating approach to conventional arms control must start above all with a clear idea of what conventional forces are available and what they are needed for. While it is true that nuclear weapons will have to be taken into account, linking them to negotiations on conventional forces is more likely to obscure than to clarify the issue—and give hostages to fortune which the West may later regret.

For the planning of European defense and conventional arms control, it would make much better sense for the major allies to get together soon in order to coordinate schedules for the contraction of their forces, and consider jointly what remedies might be available, if any. Otherwise the West would then slide, long before real military changes on the Eastern side so warrant, into a position of marked conventional uncertainty, further aggravated by doubt over nuclear deterrence.

The degree of political leadership required for this coordination would be considerable. So far all Western governments faced with resource constraints have preferred to respond unilaterally and at the last moment, confronting their allies

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with a fait accompli. This temptation will remain. But in the current uncertainty over both force levels and arms control it is a temptation that must be resisted. NATO, which has set up a series of bodies to look at nuclear weapons and arms control, should now set up a special group to deal with the basics of Western defense, namely the likely reductions in conventional forces that have to be faced regardless of arms control.

VI

Reassertion of common purpose, reaffirmation of the doctrine of flexible response with U.S. nuclear weapons linked to Europe, and common effort to manage the contraction of NATO's conventional forces—these are the necessary directions of alliance action now. The West is uncertain how to respond to Mr. Gorbachev's probes, confused over deterrence and the prospect of significantly smaller conventional forces in Europe. There will be no soft options, and Europe will have to share a greater burden in implementing the tough ones.

The Soviet leadership may actually help make up for the alliance's conceptual slackness by demonstrating that wringing of hands will not suffice. Moscow is demanding "yes" or "no" for an answer, not the "yes, but" to which NATO governments have become so inclined. The realization is gaining ground that a Western Europe that wants to be taken seriously politically will have to address not just the problems of the common economy but that of the common security as well.

This, together with European consensus against the Reagan Administration's recklessness in Reykjavik, is beginning to concentrate European minds. The new sense of greater European responsibility for the future of the West will be put to the test as America faces the first change in the White House in eight years. For if there is one common implication in the challenges now confronting the alliance, it is the need for a more concerted European effort, conceptual as well as material. The challenges can be met—but only if the task is not left to the United States alone.

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Charles Gati

GORBACHEV AND EASTERN EUROPE

The spirit of Mikhail Gorbachev's "Moscow Spring" haunts Eastern Europe. While most people in the region—including members of various opposition groups—welcome the changes made and the changes promised in the Soviet Union, and hope for similar changes in Eastern Europe as well, most leaders worry about the likely repercussions.

After all, it happened before that when Moscow sneezed Eastern Europe caught pneumonia. In the aftermath of the 1956 de-Stalinization campaign in the Soviet Union, reformist elements gained the upper hand in Poland and Hungary. Czechoslovakia's 1968 "Prague Spring" followed Soviet economic reforms in the mid-1960s. But in no case did these Soviet-inspired changes last long. In 1956 reformism in Hungary turned into a popular revolution that prompted Soviet intervention, while the initial gains of the 1956 "Polish October" gradually disappeared. In 1968, another military intervention—"justified" by the Brezhnev Doctrine—put an end to Czechoslovakia's economic and political reform movement.

In the past, then, while reforms in the Soviet Union proved to be manageable or even reversible, the pressure for change in Eastern Europe proved to be uncontrollable. Will history repeat itself? Will the winds of Gorbachev's *glasnost* (openness) and *perestroika* (restructuring) reach Eastern Europe—and with what consequences?

II

With East European officials showing signs of aversion to starting Gorbachev-style reforms or accelerating existing ones, most of the region is out of step with the Soviet Union. While in Moscow criticism and self-criticism are in vogue, in East

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Berlin the party leadership reaffirms its own "correct course," past and present. In Moscow the rehabilitation of Nikolai Bukharin, an early proponent of more tolerant communist rule, is under way; in Prague Alexander Dubček, leader of the 1968 Prague Spring, remains a nonperson under virtual house arrest. In Moscow the self-management of enterprises is under consideration; in Bucharest President Nicolae Ceaușescu asserts that "real socialism" has nothing to do with self-management. In Moscow intellectuals are beginning to be allowed to give voice to their concerns; in Budapest—even in Budapest—the authorities threaten to close down the Writers' Union for having elected a leadership not to the party's liking.

True, the Polish and the Hungarian regimes can see in Gorbachev's initiatives an implicit approval of their own policies and ambitions. Yet even these two regimes, and certainly all the others, except Romania, prefer to praise "promising developments" in the Soviet Union without necessarily seeing them as a guide for their own course or undertaking similar initiatives themselves. Their reluctance to do so stems from three considerations and circumstances.

First, most leaders in the region remain skeptical about Gorbachev's chances to implement his program in the Soviet Union itself—or, for that matter, to stay in power beyond the 1980s. They tend to assume that his tenure as general secretary of the Communist Party of the Soviet Union (CPSU) will be short-lived. Even reform-minded officials, those who share Gorbachev's ideas and root for him, doubt that he can decentralize the Soviet economy, modify the present system of subsidies and alter the artificial pricing system. Privately they stress the inevitable limits—and dangers—of *glasnost* in a one-party political system, pointing to the recent Chinese campaign against "bourgeois influences" in that country's intellectual life. They claim that Gorbachev's support in the Central Committee, even in the Politburo, is quite tenuous; they wonder why the CPSU's crucial January 27–28, 1987, plenum was postponed several times and why speeches other than Gorbachev's were not reported in the Soviet press. Some suspect, though they appear not to know for sure, that at least two Politburo members, Andrei Gromyko and Geidar Aliyev, expressed reservations about the pace if not the substance of Gorbachev's reforms.

Given such skepticism about both the realism of Gorbachev's program and his staying power, most East European politicians

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understandably assume a wait-and-see attitude. If Gorbachev has only three to five years to prove himself, why jump on his bandwagon?

Second, domestic political conditions make it very difficult for the East European regimes to emulate the Soviet Union. For while Gorbachev's momentum in good part derives from his ability to criticize his predecessors' faults, Eastern Europe's leaders—with the exception of Poland's—simply do not have a Leonid Brezhnev or a Konstantin Chernenko to blame for current troubles. After all, not counting General Wojciech Jaruzelski, Poland's leader since 1981, they have held the reins of power for an average of 24 long years! Todor Zhivkov has led Bulgaria since 1954, János Kádár has led Hungary since 1956, Nicolae Ceaușescu has led Romania since 1965, Gustáv Husák has led Czechoslovakia since 1969, and Erich Honecker has led East Germany since 1971. Thus, unlike Gorbachev, they cannot gain political momentum and press for change by turning against the record of a previous leadership. On the contrary, in order to protect their professed achievements and their hold on power, they must insist on continuity rather than change.

For the time being, moreover, the coming successions are not likely to make a difference in this respect (except, perhaps, in Czechoslovakia). True, the struggle is already well under way to succeed Bulgaria's Zhivkov, 76; Hungary's Kádár, 75; East Germany's Honecker, 75; Czechoslovakia's Husák, 74; and Romania's Ceaușescu, 69. But as only Husák appears to be in poor health, the successions elsewhere might not occur for another few years, perhaps not until in the early 1990s.

If so, the contenders for leadership in Eastern Europe face a profound dilemma. To remain viable candidates, they must back their own countries' official position. Given the Soviet role in Eastern Europe, they must voice support for the Gorbachev program. Yet, to prepare for the future, they must not alienate those in the Kremlin who might replace Gorbachev three or four years from now. Mission impossible, perhaps, but skillful politicians immersed in the intricacies of communist politics are used to performing such balancing acts. What they are doing in fact is paying lip service to Gorbachev's creativity, affirming the need for socialism to respond pragmatically to new realities, stressing that conditions vary from one socialist country to another—and then dragging their feet. To do less—to oppose Moscow Spring openly—could prematurely end

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their political careers (except in Romania, where the Soviet party line is anathema). To do more—to turn against the recent past with which they are identified—would alienate both the old guard at home and Gorbachev's possible successors in Moscow. Hence the better part of political wisdom for East European contenders for power is to do as their seniors do and sit on the fence.

Third, the risk of instability associated with *glasnost* and even *perestroika* is much higher in Eastern Europe than in the Soviet Union. The Soviet system appears to enjoy considerable domestic support, especially among ethnic Russians; the same cannot be said about any of the East European systems. Forty years of communist rule have not perceptibly improved the standing of the East European leaders with the vast majority of their people, young and old, who continue to dream of a *European*—perhaps an Austrian or Finnish—future. Hence, almost irrespective of what they do, the communist leaders of Eastern Europe always walk on thin political ice.

Popular sentiments being what they are, any reform in Eastern Europe carries with it the risk of being, and being seen as, too little and too late—fueling spontaneous demands for fundamental change. If the region's communist regimes were to open the valves of liberalization, people would press for liberty; if democratization were in vogue, they would ask for democracy. If these regimes were to pursue *perestroika* but resist *glasnost*—modify the economy without tolerating a more open political environment—the people would call for political pluralism. Indeed, any change introduced by the region's authorities would generate demands for more—more democracy, more independence, more consumer goods, higher living standards. This is why the East European regimes are so reluctant to adopt Gorbachev's program; they know that in their part of the world any change, especially the type of rapid and radical change Gorbachev is proposing, carries with it the danger of political turbulence.

III

With the exception of Romania, all East European members of the Warsaw Pact have nonetheless endorsed the new party line emanating from Moscow. In descending order of sincerity, the leaders of Poland, Hungary, Bulgaria, Czechoslovakia and even East Germany have spoken in favor of what the CPSU is doing. Jaruzelski has been especially full of praise for Gor-

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bachev, stating that the Soviet leader's "energy, courage, and farsightedness deserve our deep respect and honest Polish sympathy." Of course, given their dependence on Moscow, it is hardly surprising to see the East European regimes approving of Soviet internal developments.

Yet on the issue of what to do *at home*, there is general uncertainty about, and a marked reluctance to emulate, the Soviet example. Within that general pattern, circumstances and intentions vary—ranging from explicit resistance to any reform (Romania), to polite evasion (East Germany), to pledges of initiating economic but not necessarily political changes (Bulgaria and Czechoslovakia), to serious but vague talk about continuing reformist policies already under way (Hungary and Poland).

In *Romania*, with Ceaușescu at the helm, there is no interest in either *perestroika* or *glasnost*. The Romanian press has all but ignored Gorbachev's January speech to the CPSU Central Committee; the party newspaper *Scînteia* printed only a brief, innocuous summary, after a three-day delay. (With a straight face, the paper's foreign editor explained to me that the delay was due to the difficulty of translating the Russian text into Romanian.)

In a speech delivered at his own 69th birthday party, Ceaușescu even raised the question of Gorbachev's adherence to "the invincible principles of scientific socialism." Alluding to the CPSU's new platform, he said that a truly revolutionary party would not "let enterprises or economic sectors manage themselves" and thus abdicate its obligations to society. "Self-management and revolutionary democracy," he declared, "are inconceivable without the leading role of the Party as . . . the vital center from which all creative energies" should originate. Ceaușescu also ridiculed the idea of "improving socialism by developing so-called small private property. Capitalist property is capitalist property, be it small or large." By so dissociating Romania from Gorbachev's path, Ceaușescu has thus signaled both his contempt for what the Soviet Union is doing and his unequivocal opposition to emulating the new Soviet model. Accordingly, chances for Ceaușescu's maverick Romania to return to the Soviet fold have further decreased since Gorbachev's ascension to power. This is so despite the dramatic expansion of trade between the two countries since 1984, which reflects Ceaușescu's determination to eliminate Romania's hard-currency debt.

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East Germany's position is more subtle. With Honecker uncharacteristically quiet, little has been said about the CPSU's January plenum; that which has been said amounts to muted, skeptical endorsement. Typically, East German officials express agreement with the Soviet Union, support its policy of seeking to raise "the Soviet people's material and cultural living standards"—and deny Western "suspicions of the existence of differences and nuances" between Moscow and East Berlin.

The same officials do not deny East Germany's reluctance to adopt Gorbachev's policies. They claim that since their "streamlined" economy is performing well and since conditions in the two countries differ, further changes are both untimely and unnecessary. As to *glasnost,* there are no plans to link gradual economic improvements to political change; officials privately reject the Soviet argument for an inherent link between economic reform and political liberalization. However, because the 1983–84 tug-of-war over intermediate-range nuclear forces, European détente and intra-German relations has given way to an apparent identity of views on critical foreign policy issues, relations between Honecker's East Germany and Gorbachev's Soviet Union are still reasonably harmonious.

Bulgaria leads the pack in offering daily commentaries about Gorbachev's "historic" economic proposals and their relevance for Bulgaria. In one speech after another, Zhivkov has gone out of his way to praise *perestroika*—though he barely mentions *glasnost.* While claiming that the Bulgarian Communist Party has followed a correct course since its April 1956 plenum (the first party gathering he dominated) and that the country has since caught up with the industrialized world, Zhivkov still insists on the adoption of literally hundreds of new economic measures. In his own words: "We can and must transform our already-transformed Bulgaria."

Thus, unlike Gorbachev, Zhivkov offers no criticism of the past. There is no talk of reassessing Bulgaria's treatment of its large Turkish minority or of improving relations with Yugoslavia. Nor is there any indication of a political or cultural thaw. However, Zhivkov's rhetoric is full of plans for economic restructuring, decentralization, self-management, increased independence for the country's industrial plants, agricultural units and banks, "new types of management structures," income differentiation to reward hard work, closure of inefficient enterprises, construction of small- and medium-sized factories, and the like. How much of this ambitious rhetoric will, or can,

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be implemented remains to be seen. But Zhivkov's advanced age and his unwillingness to address political issues make it unlikely that Gorbachev's Moscow Spring could take hold in Sofia.

Clearly, *Czechoslovakia* is the country to watch; it is the test case of Gorbachev's impact on Eastern Europe. Having waged war against reformism for almost two decades, the Czechoslovak regime is particularly vulnerable to the winds of reform emanating from Moscow.

Prior to World War II, Czechoslovakia was one of the six or seven most highly advanced, industrialized countries in the world and a cultural mecca in the heart of Europe—with its capital situated, of course, to the west of Vienna. Since the 1948 communist takeover, Czechoslovakia's decline has been gradual but palpable. Statistics show that the economy is still stagnating: between 1981 and 1985 the average annual growth rate was 1.5 percent—the lowest in several decades. As to the prevailing atmosphere in the country, one interlocutor called his homeland a vast political cemetery.

There is no adequate explanation why Husák, himself a victim of Stalinist purges in the 1950s, has allowed Czechoslovakia's economy to slide and its polity to degenerate. According to one theory, this erstwhile cautious supporter of Dubček's Prague Spring has felt compelled to compensate for his reformist inclinations. A corollary to this theory is that Husák has been no more than a figurehead all these years, with real power held by Central Committee Secretary Vasil Bilák, a man with neo-Stalinist views who had close ties to Brezhnev. Be that as it may, certain Czechoslovak policies in the 1970s were even more conservative and rigid than those pursued by Brezhnev. Today, Czechoslovakia is an anachronism in Gorbachev's world of reform and renewal. That is why people in Prague hope that Gorbachev's Moscow Spring, whose origins they often trace to Dubček's Prague Spring, will produce beneficial changes in Czechoslovakia. This time, they add, they would welcome Moscow's "fraternal assistance."

Since the very end of 1986 and especially since March of 1987, the more pragmatic faction in the Czechoslovak leadership has begun to take advantage of Soviet developments to press for corresponding changes at home. Led by Prime Minister Lubomír Štrougal, the pragmatists favor implementation of economic proposals advocated by reformers in 1966–67. Although Štrougal has carefully dissociated himself from the

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"absurd" political demands that subsequently accompanied the economic proposals of two decades ago, and although he has carefully shied away from upholding *glasnost*, his positive references to the pre-1968 era of experimentation constitute a powerful challenge to a regime so deeply afraid of and hence opposed to change.

Speaking for the orthodox faction, Bilák responded by acknowledging the need for new policies that demonstrate "the strengths and advantages of socialism." But in a speech made after the CPSU's January plenum, Bilák still warned against the "opportunistic" emulation of Gorbachev's programs, stressing the lessons of the "struggle against the enemies of socialism in the 1960s." He called attention to a resolution, adopted by the Czechoslovak Central Committee in December 1970, that defined the country's harsh course since the 1968 Soviet intervention. "There are those," said Bilák, "who would like to have that document nullified, but this will not be done." Clearly, he was alluding to Štrougal and his pragmatic supporters. Clearly, the fight is on.

Alas, the issue is not about the reinstatement of Dubček or the rehabilitation of Prague Spring. This generation of Czechoslovak leaders—even its pragmatic wing—seems unable to undo the policies of the recent past. What is at issue is the choice between policies that would approximate those presently favored by the Soviet Union and policies that are even more conservative than Brezhnev's. Given the orthodoxy that has characterized Czechoslovakia for almost two decades, this is a momentous choice. No wonder the leadership is so divided; no wonder Husák shows signs of fatigue.

Even before Gorbachev's visit to Prague this spring, Husák conceded that the January plenum of the CPSU had sparked "an extraordinary response throughout our Party and among the Czechoslovak people" and that party members were raising questions about "what we in Czechoslovakia will do." He denied that anyone "is forcing the CPSU Central Committee's conclusions on us" and dismissed as hostile propaganda "fabrications about differences of opinion" within the Czechoslovak Communist Party and between Prague and Moscow. Having learned to read between the lines, Czechs and Slovaks—and other East Europeans—quickly drew the opposite conclusion, assuming both a divisive struggle between party factions and considerable pressure by Moscow as well.

Given Husák's age and ill health, the struggle for power also

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involves his possible replacement. The most likely scenario is that Husák will keep the ceremonial post of president but Štrougal or one of his like-minded allies will take his place as party leader. In that case, Czechoslovakia will at long last experience *perestroika* with a pinch of *glasnost*, although factional disputes would no doubt continue. Another possibility is that Husák will stay on and that there will be only a modicum of *perestroika* without even a pinch of *glasnost*. In that case, with the succession postponed, the paralyzing factional struggle will only intensify. In either event, then, long-delayed reforms are about to exact their price.

Hungary's reaction to Gorbachev is a function of János Kádár's legendary circumspection and growing conservatism.

At 75, Kádár is not the reformer he used to be. New ideas in general, and the reform of Hungary's New Economic Mechanism (NEM) in particular, no longer appeal to him. Because living standards in the country have eroded during the 1980s, his personal popularity, still impressive by East European standards, has declined. For the first time in memory his performance is openly criticized at low-level party meetings. While the old guard in the Politburo remains loyal to him, party officials in their forties and fifties—who are tired of Kádár's excessive preoccupation with the past, notably with "1956," and with his inability to offer a convincing plan for the future—have come to complain about stagnation and immobility. Unfairly, perhaps, they identify "Uncle Kádár" with Brezhnev in *his* declining years. They would like Kádár to move on, accept a ceremonial post, and allow the younger generation in the party to decide which way to go: whether only to consolidate the gains made under NEM or to introduce new, moderate reforms.

In a development that is unique in Eastern Europe, however, a popular Central Committee member, Imre Pozsgay, has voiced Gorbachev-style attacks on the recent past and come out openly for truly radical changes. Not without supporters in the party apparatus, he is campaigning vigorously for a thorough implementation of both *perestroika* and *glasnost* in Hungary. Defying Kádár and the old-timers, he is the only known East European communist politician to have taken Moscow Spring at face value. Pozsgay, at 53, is secretary general of the once dormant and still quite insignificant Patriotic People's Front, a communist-controlled mass organization encompassing most organized groups and associations in the country.

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Although he clearly lacks similar influence, Pozsgay is seen in Budapest as Hungary's Gorbachev.

The front's recently completed, 60-plus page study, "Change and Reform," prepared by some of Hungary's leading economists and sociologists, is an unsparing call for a new beginning. Its point of departure is the demand for public self-criticism by the present leadership, which is urged to acknowledge its responsibility for decisions that have brought the country to "the brink of catastrophe." Unpublished but widely circulated and packed with highly technical recommendations, the report also asks for a shift toward closer association with the Common Market and hence reduced reliance on the Soviet bloc's Council for Mutual Economic Assistance (CMEA); personnel changes at the top; a market-based reform of industries that NEM has left largely untouched; and new institutional mechanisms so that the party would only guide—while other, unspecified organizations would run—the country's economic and political affairs.

There are at least two reasons why Kádár and the older members of the Hungarian Politburo will likely reject these recommendations. One is that the study sponsored by Pozsgay would take the country on an uncharted course well ahead of all others in the bloc. After all, Hungary already has the most reformed economy in Eastern Europe and it has even pioneered the idea of multislate elections that Gorbachev has promised to adopt. The other reason is that such striking proposals as the intended reduction of Hungary's reliance on CMEA so obviously run counter to Gorbachev's policies as to create certain conflict with Moscow, something Kádár has skillfully avoided over the years.

Indeed, Kádár is known to consider rapid change à la Gorbachev to be dangerous in Soviet-type systems. This February, for example, he authorized Central Committee Secretary Mátyás Szürös to make a favorable if carefully calibrated statement about the Gorbachev phenomenon and its positive implications for Hungary, but he has said very little himself. An astute observer of the Soviet scene, Kádár is apparently waiting for additional confirmation of Gorbachev's staying power. Meanwhile, as the country wanders aimlessly, Hungary's sagacious patriarch—a brilliant chess player in his youth—contemplates his next move. One possibility is that he will offer to quit while he is ahead, thus becoming again the pioneer among communist leaders that he once was.

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Poland's General Jaruzelski is widely seen as the main East European beneficiary of Gorbachev's program. Moscow's once grudging approval of Jaruzelski's relatively moderate course has turned into enthusiastic support. The prominent Soviet weekly *Literaturnaya Gazeta* published a long interview with Józef Cardinal Glemp this year. Indeed, the Soviet press no longer questions Jaruzelski's courting of the Catholic Church, the open discussion of controversial issues in Polish newspapers or the absence of severe punishment for leaders of the opposition.

Gorbachev went to Warsaw last year to give the general the kind of warm—almost unconditional—endorsement Soviet leaders seldom deliver. Since then Gorbachev's gesture has been translated into Soviet policy, giving Jaruzelski the green light to do what he deems necessary to make Poland a stable member of the Soviet bloc. He is free not only to introduce major economic reforms but to experiment with new forms of political participation, called "socialist pluralism." This is why the general, who at 64 is closest in age to Gorbachev among the region's present leaders, can welcome the same "historic current of change" in the two countries. "Poland has not experienced such a happy convergence for the whole of the past millennium," he declared earlier this year.

Still, despite the favorable eastern winds helping the Polish regime, what can Jaruzelski *do*? There is already much more *glasnost* in Poland than in the Soviet Union. For several years now, the proprietors of power in Warsaw have closed their eyes to the publication of uncensored and illegal books and periodicals, some of which appear regularly and enjoy wide circulation. The Catholic Church is an acknowledged and not totally unwelcome pillar of the Polish establishment, opposition leaders speak their minds to Western reporters and visitors, most everybody can travel to the West, and the country's company unions make an occasional effort to represent the workers' interests. The problem for Jaruzelski is that in Poland rights that are given rather than guaranteed may be appreciated—but do not suffice. Poles do not even like to be reminded of the authorities' relative moderation. During my recent visit, high school students told me bluntly, "You'll see, the next time around we'll hang them."

As for *perestroika*, Gorbachev's green light can help Jaruzelski overcome bureaucratic resistance to economic reforms. Yet, while the general has promised "a critical mass of reforms," it

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is not clear how far he is prepared to go. It is one thing to demand discipline, as he has done, or even to raise prices and introduce other austerity measures to accommodate potential Western creditors; it is something else to let domestic and foreign markets guide a decentralized Polish economy toward flexibility and efficiency. Jaruzelski's main problem is the absence of sufficient public support at home to undertake such systemic reforms. The public is in no mood to support what the regime regards as the necessary economic sacrifices, without the regime undertaking what the public regards as the necessary political sacrifices. Hence the key to economic change is political change; the key to political change is Lech Wałęsa, the electrician in Gdańsk, leader of the outlawed Solidarity labor union. If Gorbachev could bring Andrei Sakharov from Gorki to Moscow, might not Jaruzelski yet bring Wałęsa from Gdańsk to Warsaw?

IV

Eastern Europe presents even greater problems for Gorbachev than it did for his predecessors.

He has of course inherited the old dilemmas: how to make this volatile and fervently nationalist region stable without tolerating genuine autonomy; how to permit movement toward autonomy and hence stability without losing control. No Soviet leader has found a magic formula to reconcile such incompatible goals; regional stability and bloc cohesion do not come together in Eastern Europe. The problem is not only that the region's people resent the Soviet presence and object to the political and economic systems imposed on them. The East European communist regimes have found that, much as they depend on Moscow for political survival, their chance to gain a modicum of domestic authority depends on the distance they manage to keep from Moscow. While they cannot rule without Moscow, they also cannot govern by strongly identifying with it.

To help the Soviet Union's dependencies govern, Gorbachev's predecessors had allowed for considerable diversity to develop among East European countries. Today even casual travelers can tell—can almost feel—the difference in atmosphere between Warsaw and Budapest on the one hand and Bucharest, Prague, East Berlin and Sofia on the other. The difference goes beyond one regime's willingness to let its citizens travel and another's refusal to do so, or one regime's

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reluctance to punish people for their opinions and another's heavy reliance on coercion.

The economic systems of the region have become markedly different too, both in terms of performance and structure. The East German or Hungarian standard of living is about twice as high as Bulgaria's or Romania's, and the average East European standard of living is at least a third higher than the Soviet Union's. As for structure, Gorbachev's proposed rearrangement of the Soviet economy has been surpassed by economic experiments long practiced in Hungary, Poland, East Germany and Bulgaria. Under their circumstances, Soviet *perestroika* is but a very modest and limited beginning—just as Soviet *glasnost* is no more than that for Poland and Hungary.

Hence the new problem Gorbachev is facing has to do with the truly radical next steps Moscow Spring is generating in Eastern Europe. Because some of these countries have already gone far beyond his *perestroika* or *glasnost* or both, *their* next steps under *their* circumstances would have to take them beyond anything Gorbachev has in mind for the Soviet Union. If the logic and spirit of Moscow Spring were applied to Polish circumstances, for example, the next step there would be the formation of an independent labor union led by Lech Wałęsa. If the logic and spirit of Moscow Spring were applied to Hungarian circumstances, the next step there—given Hungary's foreign-trade dependence—would be the reorientation of that country's foreign trade toward association with the Common Market and a correspondingly reduced relationship with the Soviet-sponsored CMEA. If the logic and spirit of Moscow Spring were applied to Czechoslovak circumstances, the next step there would be the wholesale removal of that country's Brezhnevite leadership and its replacement by the likes of Dubček.

By Soviet standards, these "next steps" are at least disconcerting, perhaps heretical; fear of what would follow them is obsessive. Like his predecessors, Gorbachev has made it clear that "sovereign solutions" in Eastern Europe must be understood in the context of the bloc's "common interests." The Brezhnev Doctrine is still on the books. Gorbachev's rhetoric is less ominous and his readiness to use force against perceived threats to allied socialist regimes is less apparent, but the Kremlin remains a vigilant judge of what is and is not permissible in Eastern Europe.

In 1985, for example, Gorbachev was reported to have

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warned East European leaders against "resorting to market mechanisms in place of direct planning."[1] I was told that, in the summer of 1986, at an unpublicized meeting with a small group of Hungarian party officials and economists in Budapest, he spoke in the same vein. Referring to unnamed Soviet economists but alluding to radical Hungarian reformers, Gorbachev was said to have firmly (if politely) rejected proposals that would gradually lead Soviet-type economies toward capitalist solutions. In a speech delivered in Warsaw in June 1986, he publicly assigned "absolute priority . . . to cooperative links between fraternal countries," although he added that integration within CMEA was "not, of course, a matter of limiting economic contacts with the West."

Since last fall, however, the Soviet position toward East European innovations has become slightly more open-minded, a tendency reflected in key personnel changes in the Soviet hierarchy. The new Central Committee secretary in charge of the Socialist Countries Department, Vadim Medvedev, himself a respected economist and academician, replaced his deputy, Oleg Rakhmanin, a notorious critic of Hungarian-type reforms, with Georgi Shakhnazarov, a political theorist known for his advocacy of self-management years before Gorbachev made that concept part of his program. That was welcome news for East European reformers and a blow to the likes of Czechoslovakia's Vasil Bilák. In the Central Committee department that deals with international propaganda, the promotion of Nikolai Shishlin, a veteran foreign-affairs commentator and East European specialist, is seen as another good sign given Shishlin's public stance against Rakhmanin's views in recent years.

More importantly, Gorbachev is now telling his aging East European comrades to reevaluate the past and make socialism work. He is not insisting that they copy the new Soviet path. But he is not letting them close their eyes to what he has begun to do in the Soviet Union. In a hurry to get the Soviet economy on its feet, Gorbachev seeks a more tolerant political environment in Eastern Europe—especially in Czechoslovakia, Moscow's second largest trading partner—so that, in an atmosphere of *glasnost*, the region's improved economies could produce high-quality products for all members of CMEA, including the Soviet Union. Committed to the cause of socialism,

[1] Seweryn Bialer and Joan Afferica, "The Genesis of Gorbachev's World," *Foreign Affairs*, America and the World 1985, p. 612.

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he understands that only workers—presumably Polish workers, too—could help him prove that socialist democracy is superior to capitalist democracy. Eager to advance Soviet foreign policy interests, he intimates that only a less heavy-handed Soviet approach to Eastern Europe could reap lasting gains for Moscow in Western Europe.

Thus, guided by what is good for the Soviet economy, the cause of socialism and Soviet objectives abroad, Gorbachev recently affirmed as "firm principles for us" the "independence of every [East European Communist] Party, its responsibility to its people, and its right to decide in a sovereign manner how the country should develop." He also told a Czechoslovak party gathering in Prague, of all places, that the "frank admission of oversights and blunders and the resolve to repair them [can] only strengthen the prestige of socialism. . . . Minor repairs will not be enough. Overhauling is in order." For those unwilling to get the message, Soviet spokesman Gennadi Gerasimov clarified the difference between Gorbachev's Moscow Spring and Dubček's Prague Spring in two memorable words: "Nineteen years."

V

Is Gorbachev prepared, then, to allow East Europeans to take a few of those radical "next steps" their circumstances call for?

When another major crisis erupts in the region, almost anything—including a negotiated settlement, or what Moscow calls a "political solution"—is possible. Meanwhile, in the absence of such a crisis, the clue to Gorbachev's intentions vis-à-vis Eastern Europe is to be found in his priorities for the U.S.S.R. Simply put, he wants the Soviet Union to become an economic and political, rather than a purely military, superpower, and for Soviet-style socialism to become an appealing alternative to countries and peoples everywhere. To achieve these goals, he wants to do away with the economic burden, ideological embarrassment and foreign-policy handicap Eastern Europe has come to be for the Soviet Union.

In the economic realm, according to the Soviet version of the story, the issue is equity. More than half of total Soviet trade is with the CMEA countries, much of it with East Germany and Czechoslovakia. As seen from Moscow, the Soviet Union does not derive sufficient benefits from this relationship. Officials complain that the East Europeans tend to dump shabby

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goods on the Soviet market, saving superior products for Western Europe and other hard-currency areas. Other complaints are that the East Europeans almost never deliver on time and that they often fail to pay promptly or in hard currency.

Given the volume and significance of CMEA trade, Moscow has protested bitterly over the years—with no apparent results. Because its vital interests in the region's stability are at stake, the Soviet Union cannot afford to apply harsh countermeasures. Should it slow down the transmission of electricity and cause a blackout in East Berlin, for example? Replace hard-pressed East European leaders, and thereby court political turmoil? Send in troops in retaliation for the late delivery of, say, Bulgarian peas or Hungarian buses? As long as the Soviet Union assumes responsibility for the region's stability, it can at best press but cannot compel its allies to make timely and effective contributions to the Soviet economy. It is a "Catch-22" situation for Gorbachev, as it was for his predecessors.

In the ideological realm, the issue is the erosion of common standards. True, Soviet leaders from Stalin to Gorbachev have paid lip service to the concept of "different roads to socialism." True too, even Stalin tolerated a modicum of diversity in Eastern Europe. But in view of the role of private enterprise in East Germany, Poland and Hungary, in view of the important—the leading—role of the Catholic Church in Poland, in view of Bulgaria's reported aspiration to become "the Japan of the Balkans" rather than the Russia of the Balkans, in view of the impact of Western life-styles and culture on the youth of Eastern Europe, in view of all that and more, what remains of the still-professed universality of Marxism-Leninism and of the shining example of the Soviet Union?

Problems of ideology in the communist world are frequently dismissed in the West as all but irrelevant. Not so for Moscow; certainly not so for Gorbachev. The erosion of common ideological standards in the bloc is at least an acute embarrassment. If even its allies shy away from accepting the Soviet belief-system and refuse to emulate the Soviet example, where else will the U.S.S.R. find peoples and countries that will voluntarily opt for and remain committed to Soviet ideals, patterns and practices? Ethiopia, South Yemen and especially Nicaragua should not be lightly dismissed, but if Gorbachev is to make Soviet-style socialism attractive to people in Western Europe, he should first make it attractive in Eastern Europe.

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In the realm of foreign policy, the issue is the impact of Soviet policies in Eastern Europe on the effectiveness of Soviet policies elsewhere, particularly toward the West. Gorbachev's problem is that heavy-handed Soviet behavior in Eastern Europe invariably tempers Western interest in détente.

For, as W. W. Rostow has recently reaffirmed, Soviet policy in Eastern Europe is still a key measure of ultimate Soviet intentions.[2] In the Western view, the cold war began in Eastern Europe and that is where détente should reveal its substance. Arms control aside, the West is not—and should not be—prepared to hide its skepticism about Gorbachev's ambitious calls for genuine, lasting and across-the-board détente while the Brezhnev Doctrine is still in force. Thus, as a reminder of the reality of the cold war, Eastern Europe remains a major stumbling block for Gorbachev in his search for a new beginning with the West.

What can Gorbachev tolerate in his backyard then? To the extent such distinctions can be made, Moscow's economic needs and especially ideological preferences argue for a more cohesive alliance, while its foreign policy goals point to the benefits of a more autonomous Eastern Europe. Under the circumstances, Gorbachev can allow for far less autonomy than his allies need; and hence they, in turn, can aid his domestic priorities and facilitate his policy of détente far less than he wants them to. He cannot begin to end the cold war by transforming Eastern Europe from a Soviet sphere of control and domination into a Soviet sphere of influence. He cannot permit Eastern Europe to combine membership in Soviet-led military and economic alliances with internal and even considerable external independence—the way another East European country, Greece, has come to relate to the West.

VI

To conclude that Gorbachev cannot accept a "Greek solution" for Eastern Europe is not the same as dismissing his potential for shaping a different and better political and economic order in the Soviet domain. After all, much of what he seeks to do derives from the reformist tradition of Eastern Europe. Gerasimov's words are worth repeating: only nineteen years separate Moscow Spring from Prague Spring. Indeed,

[2] W. W. Rostow, "On Ending the Cold War," *Foreign Affairs*, Spring 1987.

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Gorbachev identifies with Kádár's policy of valuing nonparty talent ("he who is not against us is with us"), approves Jaruzelski's (grudging) tolerance of a critical press, agrees with Yugoslav dissident Milovan Djilas' abhorrence of the "new class" of communist bureaucrats and even shares Dubček's dream of "socialism with a human face." Gorbachev has resumed the process of de-Stalinization begun by that other onetime reformer, Nikita Khrushchev.

It would be a supreme irony if this ambitious student of East European reformers were to lose his battle for the restructuring and liberalization of communism not in the Soviet Union but in Eastern Europe. Yet, this possibility should not be discounted; Moscow Spring cannot be insulated from the Prague Springs of the future. Hence, without steps toward eventually finding a "Greek solution" for Eastern Europe, Gorbachev's attempt to reconcile communism with *glasnost* might begin to unravel in Warsaw, Budapest or Prague rather than in Moscow.

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William H. Luers

THE U.S. AND EASTERN EUROPE

The style and policies of Mikhail Gorbachev are certain to have a powerful, perhaps dramatic, impact in Eastern Europe. They are unlocking forces in six individual countries that may be difficult for the Soviet leaders to contain, even to comprehend. Simply stated, crises of the type that have occurred in Hungary (1956), Czechoslovakia (1968) and Poland (most recently in 1981) will happen again.

Because Eastern Europe is on the verge of change, now is the time to reevaluate U.S. policies toward the region. Without important shifts of policy, the United States will be no better prepared to influence events in the next decade than it was in the past. This essay addresses how the United States might better position itself to deal with and even promote peaceful change in Eastern Europe as the Gorbachev era unfolds.

Although less explosive than Khrushchev's 1956 secret speech against Stalin, which reverberated for over a decade in Eastern Europe, Gorbachev's calls for *glasnost* (public airing),[1] *perestroika* (restructuring) and "democratization" are shaking the foundations of the Communist old regimes. The leader of the Soviet Union has released political prisoners, declared his proposals open to debate and, most important, suggested new directions for reform of the political-economic system and for changes in military force levels in Central Europe.

A well-informed contact in Prague recently told me that Gorbachev had said to his fellow East European general secretaries at a spring 1985 meeting in Sofia: "Socialism is a leaky ship. I do not want any of you jumping ship and going for the

[1] The meaning of *glasnost* is a source of confusion in Eastern Europe. One equivalent in Czech to *glasnost* seems to be *hlasitost*, which means "loudness." The Czechs have fun with that translation. They simply use the Russian word in reporting about Gorbachev's efforts, but they, like others in Eastern Europe, know that it does not mean "openness," and speculate that it is closer in meaning to "publicity." This is the meaning listed in Russian/English dictionaries. The English-language media and scholars seriously distort its meaning, in my view, by translating *glasnost* as "openness."

William H. Luers, Ambassador to Czechoslovakia (1983–86) and to Venezuela (1978–82), became a career Foreign Service officer in 1957. He is now President of the Metropolitan Museum of Art. Copyright © 1987 by William H. Luers.

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life boats. You must stay on board and help us patch up this mighty vessel." Even if apocryphal, these words evoke the state of mind that Gorbachev's criticisms of the socialist system have brought about among the party officials of Eastern Europe.

In designing reforms for the Soviet Union, Gorbachev has shown confidence that he can channel and control the process despite domestic resistance. When he looks outward to Eastern Europe, his behavior suggests that he has learned a key lesson from Khrushchev and Brezhnev: that failure to control the process of change in the repressed "satellites" would doom his domestic reform program as well as shatter his efforts to charm (and divide) the West.

The aging leaders of Eastern Europe, however, whose regimes were shaped in the Brezhnev era, have watched that era being swept away in the Soviet Union with foreboding, with the understanding that the "new broom" could sweep away much more than a few tired bureaucrats in Central Europe. They doubt seriously that Gorbachev can sustain his reforms. They also recognize what Gorbachev apparently does not: that should the Soviet leader persevere for two to three years, the ensuing change in their countries will be extremely difficult to control.

Gorbachev's words and promises to the Soviet people, therefore, become threats and blandishments to the ruling elites in Eastern Europe. This is happening at a time when the old leaderships are on the verge of successions, when their economies are struggling to meet multiple demands from Moscow and their dissatisfied populations, and when their stagnation in technological and social development is making the distance between East and West in Europe ever greater.

Gorbachev is clearly approaching Eastern Europe with great caution. What should be the approach of the United States toward the uncertainties of this emerging situation?

II

A more energetic U.S. policy toward Eastern Europe is overdue, but we are ill equipped to devise such a policy. The fact that there is so little American understanding of Eastern Europe is shocking, but explainable. Shocking because the two alliances that border the "iron curtain" comprise the most heavily armed, militarily alert region of the world. More destructive weapons, tanks and armed forces are positioned in this area than in any region at any time in history. Moreover,

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it is precisely in this central part of Europe that Western civilization's most destructive wars have been concentrated in this millenium. With such an enormous military commitment, why have we failed to devise policies that have an impact on the region? The answer is that the area seems to be politically dead.

The U.S. policy toward Moscow's satellites since 1956 can be called minimalist. The attitude has been: Why do more? This approach is as close to bipartisan and consistent as any aspect of U.S. policy over the last three decades except for our commitment to the NATO alliance. It has been a low-key policy conducted largely by a small group of professional diplomats knowledgeable about the region; little White House support or understanding has been forthcoming because the region appears boring, unchanging, incomprehensible and incapable of rendering visible foreign policy "victories" over the short run. Now more than ever, as Gorbachev's policies begin to have an impact, the United States needs to be more attentive to the region.

Since the 1956 Hungarian revolution the evolving U.S. approach has correctly reflected the realities and the primacy of Soviet power in the region. It was clear to all when the Soviet tanks rolled into Budapest that the rollback policy of the Dulles era and Radio Free Europe's ambitious promptings to uprising were a rhetorical substitute for policy. The record since that time shows an evolution in point of view, if not policy, toward Eastern Europe.

Eisenhower began his people-to-people initiatives to reduce hostile attitudes. In a 1963 speech at American University, Kennedy addressed the East Europeans: "If we cannot end our differences at least we can make the world safer for diversity." He called on the satellites' leaders to direct attention to "common interests." Johnson in 1964 spoke of "building bridges of understanding" across the gulf to Eastern Europe, and in 1966 proposed the expansion of peaceful trade.

In 1973 a spokesman for the Nixon Administration outlined the beginning of a policy "to engage the countries of Eastern Europe." The policy had three components: (1) to deal with each "as an independent, sovereign state," (2) "to create a continuing economic relationship," and (3) to promote the engagement of these countries "in the affairs of Europe as a whole." Nixon knew the region and had visited most of the capitals of Eastern Europe as a private citizen during the 1960s.

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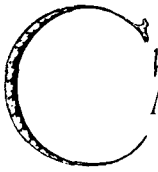

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The Nixon-Ford-Kissinger period witnessed the first major effort at détente with the Soviets and the beginnings of selective wooing of East European leaders—a policy later known as "differentiation."

The Carter presidency was a period of heightened attention to Eastern Europe, partially because his national security adviser, Polish-born Zbigniew Brzezinski, was interested in the region. President Carter visited Poland and, in an important symbolic gesture to give impetus to Hungarian individuality, returned the Crown of St. Stephen to Budapest. In my testimony before Congress as deputy assistant secretary of state for Europe in September 1978, I discussed the evolution of U.S. policy toward the region and the policy of the Carter Administration "to recognize and support the individuality of each nation in Eastern Europe."

The Reagan Administration in its first term, despite its hostile posture toward the U.S.S.R., continued many of the basic elements of the policy of differentiation. This policy, as it has evolved, rests on several assumptions: that each nation of Eastern Europe, because of differing culture, history, ethnic composition and geography, seeks to be different from the Soviet Union and from its neighbors in the pursuit of its national interests. Moreover, the ruling elites in each country have a certain degree of independence of action that could be encouraged or promoted through Western policies, despite their dependence on the Soviet Union and despite Soviet controls over East European behavior through interlocking party, police and military connections. Finally, it was assumed that Western use of carrots and sticks in dealing with Eastern Europe would provide incentives to these ruling elites to pursue policies different from the Soviet Union's, though not challenging Soviet primacy in the region. Western policies, specifically U.S. policies, could promote economic reforms (in Hungary) or some independent behavior in foreign policy (in Romania), thus making an impact at the margin.

The policy of differentiation was articulated in its bluntest formulation by Vice President George Bush in a 1983 speech in Vienna, as a frontal challenge to Soviet control. As formulated by the vice president, the policy became an offensive instrument, in the eyes of our friends as well as enemies in Europe. The adverse reaction to that speech made clear to the vice president (and all newcomers to the issue) how difficult it

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is to discuss Eastern Europe, much less understand it, and why so many Western governments have chosen to leave it alone.

The policy of differentiation as it has evolved under the Reagan Administration has included several deviations that limit U.S. effectiveness in the region, especially during the new Gorbachev era, when the region is likely to reemerge as a crucial factor in East-West relations:

—The policy of sanctions against Poland, adopted in the wake of Wojciech Jaruzelski's brutal application of martial law in 1981 to crush the union Solidarity, froze our posture toward the freest, most religious, most anti-Soviet and most open nation in Eastern Europe. Only in recent months has the Reagan Administration finally moved to correct this key fault in the U.S. approach to the largest country in the region by lifting sanctions.

—The policy of encouraging the independent foreign policy actions of Romania (Bucharest's refusing to hold Warsaw Pact exercises in Romania, establishing diplomatic relations with Israel, permitting thousands of Romanian Jews to emigrate, attending the Los Angeles Olympics) has put us on friendly terms with the most oppressive dictator in Eastern Europe. Some of our own leaders have come to the false conclusion that since we are friends of Nicolae Ceaușescu (indicated by our high-level visits and granting of most-favored-nation trade status), he must be a liberal. Ceaușescu, meanwhile, in order to pay for decades of bad economic policies, has virtually switched off the nation's power and is pushing Romania slowly back into the nineteenth century. The other East Europeans are amazed that we cultivate Ceaușescu with such enthusiasm.

—The Jackson-Vanik Amendment, as it has been applied in Eastern Europe, has linked trade to emigration and, by extension, to human rights performance throughout the region. Only Hungary and Romania are encouraged to trade with us by being granted most-favored-nation status (and Poland, which has recently been restored to this status). Yet emigration is not a profoundly important issue for the United States in most of Eastern Europe, since unification of family issues are resolved rather quickly and Jewish emigration is only an issue with Romania. Jackson-Vanik has in effect forced us to be on the sidelines in trading with and influencing the trading practices of the key countries of Eastern Europe at a moment when each is being subjected to increasing Soviet economic demands.

—Finally, the Reagan Administration's vigorous denuncia-

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tion of the Yalta agreement at worst suggested a return to the rhetorical excesses of the Dulles era, at best demonstrated a profound lack of understanding of what Europeans understand the Yalta agreement to signify. To Europeans Yalta means stable frontiers, whereas to Americans it means Soviet betrayal on the issue of self-determination in Poland and, by extension, in the rest of the region.

In sum, the Reagan Administration until very recently had turned the policy of differentiation into a rigid straitjacket, leaving it very little room to do much more than applaud the Hungarians and Romanians for their maverick behavior.

III

A comprehensive U.S. stance toward Eastern Europe should learn from past policies and should be based on the realities of the East European predicament. The following are a series of propositions about these realities that form the analytical basis of my policy recommendations.

Proposition. The first reality is that there is no prospect for fundamental change in the relationship between the Soviet Union and any East European Warsaw Pact member in the near future. This is true whatever Gorbachev says and certainly for the next decade. Soviet security interests will continue to dominate Moscow's thinking, even though economic interests and Soviet prestige will possibly be increasingly important factors in Politburo discussions on the satellites. The Brezhnev Doctrine, which originated in the justifications given for the 1968 Warsaw Pact invasion of Czechoslovakia, suggests that military force is justified to save socialism. The Soviets do believe their "revolutions" are irreversible. More important, Soviet leaders believe the territory of Eastern Europe must be dominated by Moscow to assure Soviet security. The Final Act of the 1975 Helsinki accords is important in promoting East-West discussion of our differences, but it does not change Soviet interests at all.

Proposition. Political and economic pressures dictate that explosive events or crises will occur every five to ten years in one or more East European states; the Soviet reaction will naturally be decisive.

But it will also make a big difference how the West reacts in these crises. Western policies should encourage gradual change, but they should not work to promote radical solutions. Each of the major crises in Eastern Europe has set back the

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process of change; the Soviet Union's short-term reaction has been to tighten controls and define stricter limits in the region (and inside the U.S.S.R.). If indeed the impact of Gorbachev's behavior on one or two nations of Eastern Europe is so dramatic that Soviet power is challenged there, a decision to repress reform forcefully would affect not only all of Eastern Europe but the course of internal Soviet reform as well. The key question for Gorbachev and for the regimes and people in Eastern Europe remains: What would provoke another Soviet invasion in Eastern Europe?

Predicting where the next crisis will occur, what form it will take, and what the Soviet response will be in such a volatile part of the world would be foolish. But each nation has the potential for presenting the Soviets with an agonizing set of choices, including whether to take military action:

—Poland is always a leading candidate because of its irrepressibly anti-Soviet, religious, nationalist population. Jaruzelski feels himself in the ironic position of being close to Gorbachev and welcoming the reforms, but unable to implement a Polish version, because the Polish population demands so much more than the party (and the Soviets) can give.

—Romania is in such miserable economic condition and the political structure has been so distorted to serve the family interests of Ceaușescu that the Soviets may find dealing with his succession more like dealing with the passing of a Latin *caudillo* than a transfer of power in a ruling communist party. Ceaușescu is always worried by a resurgent Soviet leadership. Historically, his compromise with the Soviets has been that, despite his maverick foreign policy, internally he runs a country that is almost as closed as the U.S.S.R. How does he now cope with a Soviet leader who advocates openness, releases prisoners and calls (even if cynically) for greater "internal democracy"?

—In Hungary, János Kádár and his party are outwardly delighted that Gorbachev seems to have swallowed a large morsel of Hungary's "goulash communism," including the idea of secret ballots for multiple candidates, but they are privately skeptical as to the eventual outcome. The Hungarians are already struggling over whether to press their troubled reform program even further into the political arena, and Gorbachev's almost sophomoric enthusiasm adds an unpredictable new factor. The Soviet mistake would most likely be underestimating the depth to which economic and political reform has become rooted in the society and trying to change or slow it down.

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This could occur if the succession creates pressures for reform that threaten the party leadership's control of the process.

—In strategically key East Germany and Czechoslovakia the death or departure of rulers could lead to rapidly changing policies. East Germany's Erich Honecker, who emerged two years ago as one of the most innovative and "independent" Warsaw Pact leaders, seems concerned that while Gorbachev's economic reforms appear consistent with his own, the political implications of *glasnost* and *perestroika* could be damaging to party control of the process in East Germany and even sweep him from power.

—Czechoslovakia best symbolizes Gorbachev's dilemma. The regime represents the worst residue of the Brezhnev era and symbolizes all that Gorbachev is attacking at home. Yet any effort to change this stable leadership could open up the dangers of another "Prague Spring," already a subject of Soviet discussions in Eastern Europe. During his April 1987 visit to Prague, where Czechs with no little irony and much curiosity greeted him enthusiastically, Gorbachev cautiously said to Gustáv Husák, "We shall be glad if our experience can be useful to fraternal Czechoslovakia." In anticipation of Gorbachev's visit, Husák had uttered in public "reform"—a word forbidden in official propaganda since 1969.

It is unlikely that there would be popular disturbances in East Germany or Czechoslovakia of a magnitude to provoke Soviet action. But these are the two most important front-line Warsaw Pact allies to which Soviet power is most forcibly committed, so any change will have great importance.

American policy should incorporate several basic aims. We must promote the yearning for national identity which, after Soviet power, is the second most powerful force in the region. American administrations must plan for the long term and realize that there are no quick "victories." We must be true to our conviction that long-term investments will pay off eventually in a freer, more independent Eastern Europe.

IV

Proposition. Lack of understanding of the region will hamper U.S. statesmen and foreign policy makers in the event of a crisis. Dulled by decades of inattention, they will probably (as in 1956, 1968 and 1981) act clumsily, be driven by the media and ultimately make it easier for the Soviets to act. Some senior Western officials might even privately be relieved by Soviet

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military repression of an East European revolt, which would prove once again to NATO and the world the brutal nature of Soviet power. Others would be indifferent, as many were in 1968. Then the Johnson Administration was so anxious to get on with opening strategic arms talks with the Soviets that it seemed to consider the Warsaw Pact invasion largely a rude intrusion on the White House's East-West agenda.

Such responses are in large part due to ignorance. Only a handful of people in the United States follow events in Eastern Europe closely, except perhaps for Poland. I know of no one in any branch of the U.S. intelligence community who has spent more than three years working on Czechoslovakia. In the entire United States there are less than a handful of people who are scholars on the German Democratic Republic. Moreover, the intelligence branches of the U.S. government turn over their people dealing with Eastern Europe so rapidly that it is not unusual for a complete turnover of analysts to occur every two or three years, in Europe as well as in Washington. We gather enormous quantities of intelligence from many sources. Yet from top to bottom, from the policymakers and leaders to the Western intelligence community, there are few who can evaluate and make sense out of the volumes of raw information.

The United States needs to improve its own capacity to evaluate and analyze the wide range of intelligence and open information we have on trends in Eastern Europe. We must develop incentives to encourage long-term commitment by analysts and scholars for each country in the region. Most important, the NATO alliance should discuss frequently, not only on the "expert" level but also at higher levels, trends in and policies toward Eastern Europe in order to calibrate approaches and to be prepared for crises and more Gorbachev initiatives, which are certain to occur.

Proposition. If the West is uninformed on Eastern Europe, the Soviets also seem surprisingly ignorant. The Soviet leadership often seems confused by the diverse nationalistic forces at play in Eastern Europe. Moscow's multiple power sources—the military, KGB, party, government-economic structure—relate to each East European satellite in different ways and with imperfect understanding. Gorbachev himself, with little experience in the region, most likely harbors a Great Russian's condescension toward the region. The Soviets are troubled by strongly ambivalent attitudes: on the one hand, jealousy and

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resentment at the relatively higher living standards in East Germany, Poland, Czechoslovakia and Hungary; on the other hand, Russian contempt for the "lesser" Slavic peoples and the minor Hungarian and Romanian colonies. The Soviet Union represents enormous power in these countries; it resembles more a colonial metropole than a fraternal, cooperative neighbor.

We can never really know what the Soviet Politburo thinks, knows or debates, so one must speculate. But, drawing on three decades of professional contact with the Soviet Union and its allies, I am persuaded that the Soviet rulers do not appreciate the depth and significance of anti-Soviet attitudes in Eastern Europe, the tremendous impact of Hungarian reforms on the party and the people, the potential for change in Czechoslovakia once the delicate balance of the Husák-Bilák regime is broken, the genuine chronic weakness of the communist party in Poland, or the peculiar *caudillo*-like political system the Ceaușescus have built in Romania—a system that the Latin American author Gabriel García Márquez would perhaps understand far better than Anatoly Dobrynin.

Gorbachev appears to have some sense of this chronic blindness toward Moscow's allies. Europeans report that a group of better-informed, better-traveled Soviet East European specialists have emerged around Gorbachev and in the party Secretariat. Yet even as Gorbachev (as Andropov before him) tries to strengthen cadres in this vital area, he and his colleagues in the Politburo are shaped by a generation's mind-set that obstructs understanding.

This situation adds to the potential danger of a crisis in the satellites. Moscow is apt to be erratic in a crisis, as the Soviet leaders have been in previous East European upheavals. It seems clear that the cost to Moscow of using military force in Eastern Europe has probably risen substantially since 1968. As the indigenous communist parties become weaker—a clear trend—the alternative means by which Moscow can retain its authority, short of an invasion, are likely to be the local military forces or the police. But relying on these alternatives would create problems in keeping the satellites viable and stable members of the Warsaw Pact in the long run.

V

Proposition. Each East European nation will follow a path different from the Soviet Union and different from one an-

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other. The "Hungarian model," attractive to Westerners since it appears so logical, is not likely to be replicated elsewhere. The economic approach of the German Democratic Republic, which has provided significant economic, although not yet political, returns to the society (developing large industrial/trading combines along with some privatization in key service sectors), may have more impact on the Soviet Union, and probably eventually on Czechoslovakia and Bulgaria, than the Hungarian experience has had. Poland, with its religion, its relative intellectual freedom and its non-collectivized agriculture, presents a unique case to the Soviets and to any Polish leadership. Some form of economic reform is essential in Poland, but the military-party alliance seems determined to do the minimum necessary to hold on to power. Even Czechoslovakia has evolved a unique form of national opposition. They call it "anti-politics." By internalizing their frustrations and energies, the Czechoslovaks have evolved a society which is cowed but which has one of the highest standards of living in Eastern Europe; yet it is ready for political regeneration when the moment comes.

Proposition. Despite these differences, change cannot take place in any of these countries without the initiative, or at least the collaboration, of the communist regimes. The impetus to reform can spring from a variety of sources: leadership changes (G.D.R.), popular pressure (Poland), the vision of individual leaders (Hungary), reformist pressure from the party and technocracy (Czechoslovakia), or from Moscow (after Khrushchev's de-Stalinization speech and now the era of Gorbachev). But in each case the party has been part of the process. If a party elite is not involved, the Soviets would have to intervene. Czechoslovakia, Bulgaria, Hungary and Romania will likely lose their supreme leaders within five years. Opportunities will again arise for new faces anxious to discredit their predecessors. These heirs will, like Gorbachev, come from the senior party ranks and have been formed as bureaucrats in the party's stifling environment. Yet the bureaucratic bases in Eastern Europe are more sophisticated and more frustrated than those in the Russian party. New energies in the more "European" and more open satellites have a chance to erupt, particularly if encouraged to do so from Moscow.

Given this situation, the United States should expand relations with senior officials in all these countries and enlarge contacts with the technocracies and the scientific-intellectual

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communities, in order to learn more about them and even to help shape on the margin the decisions of these oligarchies which will inherit power over the next decade. IREX (International Research and Exchanges Board) has been a vital link in maintaining exchange programs with Eastern Europe. Its work should be supported and expanded with U.S. government support.

U.S. contact, particularly at the level of the party and government, should not necessarily imply approval. After all, if we can deal with Gorbachev and his gang, why should we shy away from dealing with any of the lesser oligarchs in the Soviet colonies? To gain access, however, we must have cultural, economic, political and even military relations. We should be selective and should not deal with each leadership and bureaucracy in the same way. There is little or nothing to lose; dealing with communist officials does not diminish U.S. standing. On the contrary it could enhance our ability to understand and perhaps even affect the future of the region.

Proposition. The active opposition groups and more passive intellectuals and technocrats are significant forces in defining the cultural and nationalistic direction of each nation. These groups will not achieve power, but they keep alive the cultural and linguistic uniqueness of each nation and articulate the anti-party and anti-Soviet sentiments so deeply implanted in the peoples of Eastern Europe. There is a revival of the discussion of the concept of "Central Europe" as a cultural and intellectual territory and state of mind that is distinct from Soviet Russia. The phrase "Central Europe," as described by Czechoslovak playwright Václav Havel, defines more accurately the nations of Poland, the German Democratic Republic, Czechoslovakia and Hungary as nations formerly dominated by the Hapsburg Empire or Germany, which experienced the same cultural history and renaissance as the West European nations, and which even today enjoy an intellectually and culturally distinct experience from that of Russia.

This practice of dealing with opposition groups has proved important and fruitful in its application to the U.S.S.R. When I served in our Moscow embassy as a junior diplomat in the 1960s, I became closely involved with a wide range of dissidents and other intellectuals. We learned a great deal from them about the closed society, and they wanted to derive some insurance benefit from Western knowledge of their plight. A senior diplomat who supervised me in the embassy at that time

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tried to discourage all such contacts, arguing that these individuals were irrelevant to U.S. policy and probably were secret police agents as well. Nevertheless, the range of my contacts was broad and included some writers who are prominent today and some dissidents who subsequently either left the U.S.S.R., became prisoners of conscience or died in prison.

We must always keep in touch with major opposition elements, and do it regularly and openly. It is a rule to be followed in the Philippines, Iran and Latin America as well as in the U.S.S.R. and Eastern Europe. The fact that Gorbachev found it useful to release so many prisoners of conscience is dramatic testimony to the fact that constant Western attention to the issues of human rights and the nonviolent opposition in these societies does pay off.

This practice was also followed in Czechoslovakia. Under my ambassadorship in Prague the U.S. embassy made very clear to the Czechoslovak officials that we would work toward better and more constructive official relations. At the same time, however, we regularly met with and invited to our functions representatives of the opposition elements in the society. The Czechoslovak government occasionally protested this behavior, just as we protested their human rights practices. Yet we continued over two-and-one-half years to preserve this clear and open two-track policy. Before my departure from Prague we concluded and brought into force the first official exchanges agreement in the history of our troubled and tense relations with the Husák regime, and our official relations were put on a somewhat better footing.

Such two-track policies are not, unfortunately, followed consistently by our embassies in Eastern Europe, particularly when political appointees serve as chiefs of mission. Those ambassadors, who lack the experience and knowledge of the region that is necessary to pursue confidently policies of dealing constructively yet forcefully on a daily basis, often are either intimidated by communist officials or are so biased against them that they will not deal with them even on official matters. Rather than acting on individual whim, U.S. representatives should have a policy directive to pursue regular contacts with intellectuals, technocrats and dissidents as a clear demonstration of our support for human rights, for the 1975 Helsinki Final Act, and for the cultural vitality and independent spirit of these societies. Short-term expediency, such as the requirements of having to negotiate or conclude agreements with the

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governments, should not deter us from this policy. Moreover, these regular contacts should include efforts to expand the flow of information to and from these groups and, most important, to promote and improve Western radio broadcasts to the region.

VI

Proposition. It is a basic axiom of this analysis that the more viable the East European nations become in an economic and social sense, the more different they become from the Soviet Union and the weaker communist party control will be. U.S. policies, it must be emphasized, can neither create nor fundamentally affect developments in Eastern Europe. West Europeans, particularly the Germans and the French, can probably have a greater impact on the region than the United States. Yet by working together the West can be a vital stimulant to change.

Western economic and trade policies are clearly the most useful instruments available to achieve some degree of influence over the choices made by the East European regimes over the next decade. The Jackson-Vanik Amendment to the 1974 Trade Act and the Stevenson Amendment severely limit our ability to gain leverage over decision-making in Eastern Europe. U.S. trade policies should not be tied to emigration policies there. U.S. trade policies should be related instead directly to the trade and economic policies of the East European regimes. We should use our trade and technology to open up these societies to Western firms, joint ventures and the export of nonmilitary technology.

The Reagan Administration has objected to trade with the East not so much because of Jackson-Vanik as out of concern over the loss of U.S. military technology. This is a legitimate concern. Yet, as recent studies of U.S. trade policies and controls over technology transfer have underlined, many of the restrictions have been ineffective, misdirected and enormously harmful to U.S. exports.

Take one example of what trade could accomplish. A more active U.S. trade policy in Eastern Europe would greatly expand the use of personal computers, management information systems, VCRs and video cassettes. The wide range of new electronic systems for transferring information could have a shattering effect on the restraint of information flow in these closed societies. Whereas the Czechoslovak government limits

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the number of carbon copies to 12 and restricts the availability of Xerox machines, the proliferation of personal computers and VCRs is rapidly making it impossible to control the flow of information. U.S. technology should be there alongside Japanese, Swiss and West German goods.

In my view, we should repeal the Jackson-Vanik and Stevenson Amendments or at least their application to Eastern Europe, and develop policies that encourage trade and economic relations with all East European states. A program of expanded U.S. business access, including joint ventures, and a progressively larger role for U.S. trade in general, would be more consistent with our commitments under the Helsinki Final Act, would provide longer-term assurances to East European leaders who may seek an alternative to total economic dependence on the Soviet Union, and would bring our policies closer to those of our NATO allies. This shift would not include expanded transfer of military technologies to Eastern Europe or U.S. assumption of a greater share of the existing hard currency debt of Poland or other large debtor nations.

VII

Proposition. The military and security issues in Central Europe will continue to define the limits of political and economic change in the region. For example, the national military and security forces in Eastern Europe are likely to become increasingly important contenders with the communist parties for power in some East European countries. The security riot police and the military stepped in to save the Polish communist party from total collapse in the face of Solidarity's challenge. These forces may not necessarily be more loyal to Moscow than the party leadership. Moreover Gorbachev, looking back on the growth of the Soviet military establishment under Brezhnev, would certainly perceive Bonapartism as a dangerous trend in the satellites. Such a trend would significantly alter the nature of the Warsaw Pact-COMECON alliance, weaken even further Soviet authority in the region and present a different order of risks and opportunities for Western nations.

General Jaruzelski helped the Soviets avoid a costly invasion of Poland. Yet the Polish military has a long tradition of patriotism that carries in it the seeds of trouble for the Soviets. In Romania, should the Ceaușescu family not retain party control after the death or departure of the present supreme leader, the security or military forces would be well positioned

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to take power from a weakened party. And a resurgent military in East Germany, although at present not nearly equal in power to the party or the Soviets, would be a worrisome trend indeed.

The large Soviet military presence in Eastern Europe is the ultimate source of control over the satellites. A significant reduction (over 50 percent) of regional nuclear and conventional forces in Central Europe over the next decade, therefore, would likely promote other types of political dynamics in Europe. Such reductions would certainly contribute to a process of change. Lower levels of militarization in Central Europe might well have the effect of raising tensions between the United States and the Soviet Union, temporarily making the region more unstable and promoting the evolution of new types of special European relations. One focus of these changing relationships is likely to be the German national question. Should the German question reassert itself in East-West relations, it is in the United States' interest to retain strong ties to West Germany, but also to be better positioned with the German Democratic Republic than it is today.

The potential for instability and tension makes it advisable to structure force reductions carefully, but they should be pursued because the eventual benefits would be significant. The evolution of diversity and national identity in Eastern Europe would be greatly encouraged by a policy decision to manage over a decade or more the gradual decline of Soviet and U.S. military forces in the heart of Europe. The United States should work with its NATO allies toward a formula for negotiation on the reduction or elimination of medium-range nuclear weapons (already under way), and a significant reduction of conventional forces by breaking the decade-long stalemate in the Vienna Mutual and Balanced Force Reduction talks—or by defining another forum to consider both tactical nuclear and conventional force reductions.

VIII

Proposition. Even though the basic political dynamics within the Warsaw Pact cannot be changed by a Western strategy, we must base our policies on an appreciation of the fact that the internal forces at work in the Warsaw Pact nations support the assumption that there is a growing scope for diverse behavior.

Ethnic nationalism is still a powerful force in Eastern Europe. The ethnic homogeneity of the German Democratic Republic, Poland and Hungary shapes the distinct, forceful challenge

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that these three nations present to Soviet authority, whereas the ethnic divisions in Czechoslovakia and Romania give the Soviet Union leverage in Prague and Bucharest. While the ethnic divisions provide Soviet leverage to weaken the leadership by playing ethnic groups off against each other, this weakness also has in it uncertainty over whether the divisions might produce new types of reform. For example, the Czech and Slovak division could be a powerful factor, as it was in 1968, in turning to reform rapidly should a Czech replace the Slovak Husák. The Czechs would most likely resume power on a reform platform. On the other hand, the growing strength of Hungarian and Romanian disagreement over the Hungarian minority in Romania erodes the unity of the Warsaw Pact while increasing pressure on the Ceaușescu regime.

At the core of anti-Sovietism is the anti-Russian attitude of these powerful ethnic groups. It is this nationalism that informs a prediction that these countries will continue their struggle to be different if not fully independent from the Soviet Union.

The United States can continue through radio broadcasts, information and exchange programs, and research and scholarship to satisfy the thirst of these ethnic groups for support and greater knowledge about themselves. We cannot and should not, however, seek to exploit ethnic differences per se—either through promoting division in Czechoslovakia or between Romania and Hungary. The recent excesses of Bulgarian repression of Turkish minorities are all too revealing of the dangers inherent in inflaming hatreds.

Proposition. The Warsaw Pact nations most important to Moscow (and to the West) are Poland, East Germany and Czechoslovakia. They represent the bulk of East Europe's population, industrial might and armed forces. The direction these nations take over the next decade and the type of crises they experience are likely to have a profound effect on East-West relations. Yet Western policies, under "differentiation," have favored Hungary and Romania over the past ten years because of the opportunities and models they present.

We should now turn attention and energies also to these three most important Warsaw Pact members and seek to influence their policies. The United States should compete more creatively and energetically to encourage the different nationalist instincts of the G.D.R., Poland and Czechoslovakia.

There is a prominent notion that if the West were to actively promote the independent behavior of the nations of Eastern

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Europe, it would thereby increase Soviet insecurity and reduce the chances that Moscow will enlarge the opportunities for those nations to seek their own national identity. Even if U.S. leaders could strike a deal with Gorbachev that would permit greater East European flexibility in exchange for restrained U.S. activity in the region, such a policy would be completely unacceptable in this democratic society. People would see such a strategy as a cynical betrayal.

The United States should sustain its policies of encouraging the national identity and diversity of all the nations of Eastern Europe through periods of U.S.-Soviet tension as well as détente. It is particularly important not to lose interest in promoting expanded contacts at middle and top levels in East European regimes during periods of détente with the Soviets. U.S. policy should not be permitted to become a function of or obedient to Soviet policy in the region. Our policy toward each nation of Eastern Europe should have its own dynamics, its own energy and its own consistency.

IX

The management of East-West relations is the central issue of U.S. foreign policy, and Eastern Europe is an integral part of those relations. The major threat to the survival of mankind is the danger that one or both of the superpowers will mismanage their conventional and then nuclear weapons in Central Europe. As Charter 77, the Czechoslovak human rights group, wrote in "The Prague Challenge" in 1985: "For 40 years no war has been fought on European soil, yet Europe is not a continent at peace. Quite the contrary, as the foremost arena of the friction between two power blocs, it is the focus of constant tension posing a threat to the entire world."

Other areas encroach ever more on the American foreign policy agenda; yet it is in Central Europe that the enormous power of two giant military blocs is concentrated. We must support our military deterrence of a Soviet threat to Western Europe with a political and economic deterrence based on sensible, long-term policies in Eastern Europe. At a minimum we must be prepared for change, perhaps at a surprising pace, as the Gorbachev era begins to have an impact. As the Soviet leader undertakes significant or even modest reform at home the East Europeans will react and interpret these moves in their diverse tongues. In this there is a potential for new crises and yet, clearly, also a scope for new opportunities.

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Gorbachev has stirred hope in some Europeans that many of the most delicate political issues of the postwar era can now be addressed. Yet the NATO alliance is simply not prepared psychologically or politically for the dazzling array of initiatives and pronouncements coming from the Kremlin. The West and East Germans are, not surprisingly, the most interested and actively responsive. From West Germany we hear appeals that the West must help Gorbachev succeed. The Italians are also intrigued. While the French and English are more skeptical, clearly this new Soviet leader is seizing the peace initiative in Europe only a few years after the Soviet propaganda machine under Gorbachev's patron, Yuri Andropov, was alarming Europeans that a third world war was looming.

U.S. policy should not be to "help Gorbachev be successful." It should be to use Gorbachev's personal ambitions and domestic requirements to help "the West be successful" in achieving a safer, less divided Europe. The Helsinki Final Act is an excellent framework within which to test Gorbachev's sincerity.

We are perhaps entering the most important and creative period in the postwar history of East-West relations. The United States must be alert to the rapidly changing psychological and political forces that Gorbachev is stimulating in the two Europes, East and West. We should be prepared not only to seize the opportunity to conclude favorable agreements on reduction of regional nuclear weapons, but press hard for the reduction of conventional forces—including a major cutback in the Soviet tank force. The United States and its allies should not simply respond to Gorbachev's initiatives, or only expand our relations with Eastern Europe. We should formulate our own vision of what a more peaceful Europe would involve. Might that vision someday include, for example, a negotiated East-West agreement, not unlike the Austrian State Treaty, that would guarantee the gradual neutrality, arrived at over a period of a decade or more, of Hungary? The ultimate question will remain whether we are prepared to discuss what that vision might contain for the two Germanys. Now is the time for the United States to engage these issues with its allies and press Gorbachev to move beyond style and rhetoric.

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Gregory F. Treverton

COVERT ACTION AND OPEN SOCIETY

A year ago what was most striking about major American "secret" operations, from Nicaragua to Angola to Cambodia, was how little was secret about them. Support for the Nicaraguan rebels, or contras, the most controversial example, was openly debated and openly funded. Neither opponents nor supporters had reason to keep it secret; for its part the Reagan Administration regarded "covert" action as good policy and good domestic politics, a key element of the Reagan Doctrine, which is intended to challenge Marxist-Leninist states around the world.

Now it turns out that the United States has come full circle. In the case of Nicaragua, the Central Intelligence Agency became the agent of "overt" covert action. Thus, when the Reagan Administration decided to sell arms to Iran and keep the operation secret, it turned inward, to the White House staff.[1] In embroidering that operation to divert money for the contras, White House aides apparently kept the President ignorant in order to protect him—providing him with "plausible denial" of the sort the CIA had long since abandoned.

The Iran/contra affair raises questions that have not been at the center of the public debate since the investigations of U.S. intelligence activities by Congress in the mid-1970s. Should the United States attempt major covert operations at all? Can it? In what circumstances, and—crucially—how, if at all, can these secret operations be made to square with the requirements of governance in an open democracy?

[1] The most authoritative account of the affair is *Report of the President's Special Review Board* (the Tower Commission), Washington: G.P.O., 1987.

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II

Spying may be the world's second oldest profession, but for the United States it was only the cold war, coming on the heels of America's wartime experience with secret operations conducted by the Office of Strategic Services, that led to the creation of an intelligence service in peacetime—and to covert operations. Wartime success and postwar threat: these were the backdrop for the creation of the CIA. In a few years America plunged from the euphoria of victory in World War II to the confrontation with a looming Soviet threat.

The first line of American response to the onset of the cold war was overt: the surge of assistance to Europe through the Truman Doctrine and the Marshall Plan. But the second line was renewed interest in what was then called covert "psychological warfare"—what we could now call propaganda—as a way to respond to the Soviet Union by means that were less than war but more than nothing. In February 1948 a communist coup succeeded in Czechoslovakia, while communist agitation grew in France and Italy; Western Europe seemed to teeter in the balance. By March Washington whipped itself into near-hysteria when the American high commissioner in Germany, General Lucius Clay, cabled his warning that war with Russia "may come with dramatic suddenness."[2]

In this atmosphere the National Security Council in June approved NSC 10/2, a plan that had originated with George Kennan, then director of the State Department's Policy Planning Staff and the author of the famous "X" article outlining the policy of containment of the Soviet Union. NSC 10/2 was the turning point for covert action, expanding it from propaganda to direct intervention. In the words of the document, covert action comprised:

> propaganda, economic warfare; preventive direct action, including sabotage, anti-sabotage, demolition and evacuation measures; subversion against hostile states, including assistance to underground resistance movements, guerrillas and refugee liberation groups, and support of indigenous anti-communist elements.[3]

NSC 10/2 also codified the notion of plausible denial: opera-

[2] Quoted in Walter Millis, ed., *The Forrestal Diaries*, New York: Viking, 1951, p. 387.
[3] Reprinted in William M. Leary, ed., *The Central Intelligence Agency: History and Documents*, University of Alabama Press, 1984, pp. 131–33.

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tions were to be "so planned and executed that any U.S. Government responsibility for them is not evident to unauthorized persons and that if uncovered the U.S. Government can plausibly disclaim any responsibility for them."

The fledgling CIA's first success came that same year when its covert support to the Italian Christian Democrats helped them beat back an electoral challenge from the Italian Communist Party. By 1950 the United States had succeeded in the covert struggle in Western Europe, and in Eastern Europe its covert operations wound down to propaganda and intelligence-gathering. The center of the battle against communism moved, as official Washington saw the world, away from Europe to small, weak countries. Europe had put the CIA into the business of covert political action, but it was Asia that got the agency into secret paramilitary operations in the Korean War, a pattern repeated a decade later in another Asian war, Vietnam.

In November 1952 Dwight D. Eisenhower was elected President; his campaign had called for a more active response to the Soviet Union than the passive containment of the Truman Administration. John Foster Dulles became secretary of state, and in February 1953 his brother, Allen Dulles, was named *director of central intelligence*. The campaign pronouncements and the new personalities suggested that covert operations would be a key weapon in the new Administration's war against the global threat of communism. The operators soon got their chance.

On August 21, 1953, after a week of turmoil in the streets of Tehran, the Iranian prime minister, Mohammed Mossadeq, who had nationalized that country's oil industry, surrendered to General Fazlollah Zahedi. Three days later the shah, who had fled Iran the previous week with his queen, returned to the capital. At his palace a few days later he offered a toast to Kermit "Kim" Roosevelt, the chief of the CIA's Near East and Africa Division and the man who had improvised Mossadeq's downfall: "I owe my throne to God, my people, my army—and you![4]

The next year, on June 16, 1954, Guatemalan Colonel Carlos Castillo Armas crossed the border into his country from Honduras with a few hundred men trained and armed by the CIA.

[4] Cited in Kermit Roosevelt, *Countercoup: The Struggle for the Control of Iran*, New York: McGraw-Hill, 1979, p. 199. As Roosevelt's account is not independently documented, his recollections should be taken as evocative, not gospel.

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Pilots under CIA contract flew air cover. The president of Guatemala, Jácobo Arbenz Guzmán, was deserted by his air force and his army, which refused his order to arm workers and peasants. The American ambassador in Guatemala, John Peurifoy, hastily arranged a transfer of power to the chief of the armed forces, Colonel Enrique Díaz. (In a moment of tragicomedy, Díaz immediately pledged that he would continue the struggle against Castillo Armas, America's designated successor to Arbenz. Peurifoy thereupon secured Díaz's resignation, and after complicated negotiations between the armed forces and Castillo Armas, the latter emerged as president.[5])

It is eerie that thirty years later the targets of American covert action are once again in Iran and Central America. Yet the parallel may mislead as much as it instructs, for if the more recent episodes testify to how difficult covert action is, the earlier ones seemed to show how easy it was. The Iran and Guatemala operations—codenamed TPAJAX and PBSUCCESS, respectively—coming within a few years of the CIA's success in Western Europe, made the agency's reputation and set the pattern for covert action in the years ahead. Small, cheap, fast and tolerably secret, they encouraged Washington to think other covert actions could be likewise. When the next Administration decided to confront revolution in Cuba, its covert response was the same as in Guatemala. So were the CIA officers who carried it out.

The blush of short-run success amidst the cold war obscured several cautions. In the early 1950s both Iran and Guatemala were eminently vulnerable to manipulation by an outside power, particularly the United States. In both, contending political forces were in close balance. Those balances might have tipped against Mossadeq and Arbenz even had the CIA not intervened. So it appeared that relatively small operations were enough to tip the balance. Yet in both cases those limited interventions might have failed. In fact, Roosevelt's first plot did fail; Dulles was ready to roll up the operation and bring the troops home. And the CIA officers who ran PBSUCCESS were under no illusions: if their deceptions failed and Arbenz were able to get his military into combat, the invaders would be overwhelmed.

[5] The most authoritative account of the Guatemala intervention is Richard H. Immerman, *The CIA in Guatemala: The Foreign Policy of Intervention*, Austin: University of Texas Press, 1982.

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Thus success was purchased at the price of enlarging the intervention. American purposes did not change, but the operational requirements of achieving them did. Once the United States was committed, in secret and in a small way, its stakes increased, and the CIA took the next step. The effort to intimidate Arbenz became a paramilitary campaign, if a small one. In the process, plausible deniability became more and more tenuous.

Six years later at the Bay of Pigs, deniability evaporated entirely. "How could I have been so stupid, to let them go ahead?"[6] The words were John Kennedy's. When the CIA-trained invasion force of Cuban exiles hit the beach in the early dawn hours of April 17, 1961, everything went wrong: the lives of brave Cubans were spent; the United States was seen to be intervening; and the intervention failed. Once the plan had changed, without anyone outside the CIA quite noticing it, from a guerrilla operation into a full-fledged amphibious invasion, the chance of keeping it tolerably secret diminished to the vanishing point.

III

Evaluating covert action in retrospect is speculative, for it is bedeviled by the imponderable of what might have been; history permits no reruns. Failures, such as the Bay of Pigs, are apparent, but successes are harder to judge. Consider the CIA intervention in the Angolan civil war of 1975. On the surface it was a failure: the Cuban- and Soviet-supported faction, the MPLA (Popular Movement for the Liberation of Angola), was installed while the American role in trying to prevent that outcome was being exposed. If, however, the initial purpose was more limited—i.e., to raise the price of victory for the MPLA and its Soviet and Cuban backers—then Angola might be counted a short-run success. Yet American officials did not convey the impression that their aims actually were so limited, either at the time or later.

When covert actions have succeeded in their short-run purposes, it may be that the action, while marginal, was just the bit of "support for our friends" that tipped the balance in the internal politics of a foreign country. On the other hand, it may be that the American support was entirely superfluous,

[6] Quoted in Theodore C. Sorensen, *Kennedy*, New York: Harper & Row, 1965, p. 309.

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that the same successful outcome would have ensued without the U.S. involvement. If this is so, all the covert action accomplished was to implicate the United States and tarnish the success by labeling it "made in America" when the existence of the covert action became known.

A case in point was covert American support to opposition political parties and media in Chile during the presidential tenure (1970–73) of Salvador Allende, a self-proclaimed Marxist. There is no question that those parties and media *were* under pressure from the Allende government.[7] The opposition forces did survive to fight another day, but there is no telling whether CIA support for them was decisive or irrelevant.

What *is* clear is the signal conveyed to history by the revelations of American covert action. In retrospect, most reasonably objective observers conclude that Salvador Allende's experiment in Chile would have failed on its own terms.[8] Yet history's lesson is not that Allende fell of his own accord. History's lesson is that the United States overthrew him in 1973. That is the public perception even though this lesson is untrue in the narrow sense: Washington did not engineer his coup, nor did the CIA or the American military participate in it. The very fact of American covert action meant that, at a minimum, "it is fair to say that the United States cannot escape some responsibility for [Allende's] downfall."[9]

By the same token, in 1975 when South Africa intervened to back the U.S.-supported Angolan factions, the FNLA (National Front for the Liberation of Angola) and UNITA (National Union for the Total Independence of Angola), a covert action originally intended to counter the Soviet Union and Cuba then signaled something else. It signaled an alliance with the apartheid regime in Pretoria. When, in December 1975, the American Congress reacted by cutting off the CIA operation, that only ratified what was seen as the inevitable result—defeat—in the eyes of both Washington policymakers and the rest of the world.

In a longer perspective, neither the Iran nor Guatemala operations can fairly be given too much credit—or too much

[7] The best account of covert action during this period is *Covert Action in Chile*, staff report to the Senate Select Committee . . . on Intelligence Activities, 94th Congress, 1st Session, December 1975.

[8] See, for example, Conor Cruise O'Brien, "How Hot Was Chile?" in *The New Republic*, Aug. 26, 1985, p. 37.

[9] Author's press briefing on behalf of the Church Committee, in Washington, Dec. 4, 1975.

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blame—for what happened afterward in Iran and Guatemala. On one hand, TPAJAX restored the shah of Iran to his throne where he remained for nearly a quarter-century, a pro-Western bastion in a turbulent region. Twenty-five years of stability is no mean feat in international affairs. On the other hand, American covert action identified the shah's Iran more closely with the United States than was good for either of them.

In any case, however, the aspects of American policy that loomed so large in the shah's downfall in 1979 were overt, not covert. They were his image as an American client, the waste and corruption associated with his massive U.S. arms purchases and his own dependence on the United States. These factors owed much more to American policy during the 1970s than to the event of 1953.

A similar conclusion also applies to Guatemala in 1953. If, in retrospect, the "success" of PBSUCCESS also looks more ambiguous than it seemed at the time, most of the blame or credit lies with American foreign policy, not with covert action. PBSUCCESS did not make it inevitable that Washington would then forget about Guatemala; it only made it possible. David Phillips, a CIA officer who worked on PBSUCCESS, the Bay of Pigs and Chile, laments that "Castillo Armas was a bad president, tolerating corruption throughout his government and kowtowing to the United Fruit Company more than his own people." But he argues that the United States:

> could have prevented this with the vigorous exercise of diplomatic pressure . . . to assure that he pursued social reform for the many rather than venal satisfaction for a few. Instead, Washington breathed a collective sigh of relief and turned to other international problems.[10]

IV

Several covert operations of the 1950s remained secret for a long time: the CIA's assistance to Tibetans resisting the domination of their land by the People's Republic of China, regarded in intelligence lore as a successful holding action, is still a little-discussed operation, especially because it is an embarrassment now that Sino-American relations have thawed. The effort to unseat President Sukarno of Indonesia, who had

[10] David Atlee Phillips, *The Night Watch*, New York: Atheneum, 1977, p. 53.

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earned Washington's opposition for his espousal of nonalignment, ranged from covert political action to a paramilitary operation; it is not much better known than the Tibetan operation.[11]

Even in the 1960s several brief and limited—small in terms of numbers of people involved though not in terms of purpose—interventions remained secret for some time. So-called Track II—a secret effort to touch off a military coup in 1970 to prevent Allende from being seated as Chile's president, an operation run without the knowledge of the State or Defense Departments—was not revealed for five years after it happened. And the sad plots in the early 1960s to assassinate Fidel Castro stayed buried for ten.[12]

Not so now, as the Iran/contra affair underscores. Major covert actions will become public—sooner rather than later, perhaps before the operation is over. Americans are more skeptical of their government, of its information and its capacity, a skepticism that is a legacy of recent history labeled "Watergate." When Ronald Reagan, the most popular President in generations, first denied in 1986 that his Administration had traded arms sales to Iran for the release of American hostages in Lebanon, most Americans did not believe him. This skepticism has been reinforced by other factors. One is the prominence of investigative journalism; every cub reporter aspires to be Woodward or Bernstein of Watergate fame. The media now contain more people asking hard questions, even of secret operations, and probing for leaks; and there are fewer who are prepared to take the government at its word.

If reporters are more likely to seek information on "secret" operations, so are they more likely to find it. "Leaking," always present, has become routine in Washington; it has become almost acceptable. Officials sometimes leak information merely for the gratification of being pandered to by journalists more famous than they. More often, they leak to rally opposition to or, more rarely, support for a given policy. Administration after administration, regardless of its political persuasion, declares war on leakers. Those wars always fail. They fail for a

[11] For accounts of both, see chapters 8 and 9 of John Prados, *Presidents' Secret Wars: CIA and Pentagon Covert Operations Since World War II*, New York: Morrow, 1986.

[12] Both Track II and the anti-Castro plots are detailed in *Alleged Assassination Plots Involving Foreign Leaders*, an interim report of the Senate Select Committee . . . on Intelligence Activities, 94th Congress, 1st Session, Nov. 20, 1975.

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simple reason: the ship of state is like no other, for it leaks from the top.

Officials at the top of government are precisely those who know of covert actions and thus are most likely to take their opposition to particular programs into the open. This is true of the executive branch, and all the more so of Congress, where this tendency is reinforced by institutional pride and, often, by partisan politics. On the whole the intelligence committees of the House and Senate have kept secrets at least as well as the executive branch. Yet their role in overseeing covert action means that those who might oppose a particular project are more likely to know of it. The process creates a set of frustrated opponents who will, on occasion, go public with their frustration.

Moreover, if the leak does not initially come from Washington, the scent will eventually be picked up by the American press from overseas—even if, as in November 1986, the first article is published in Beirut and in Arabic.

Not every exposé, however, has created a controversy. Even now, not every covert action is controversial. Of the 40 or so covert actions under way in the mid-1980s, at least half had been the subject of some press account.[13] Yet only several were controversial enough that the original leaks developed into continuing stories. Most of the rest were open secrets, more unacknowledged than unknown; they were so because most members of Congress thought they made sense, as did most Americans who knew or thought about them—and, no doubt, most of the journalists who reported them. Former CIA Director William Colby characterized the reaction to revelations of American assistance to the resistance in Afghanistan: "Afghanistan was a two-column headline in *The Washington Post* for one day, then almost nothing."[14]

Certainly there will be cycles in American attitudes, as there have been before. Concern over Soviet power coexists with worry about nuclear war and peace; one predominates, then the other. In the early 1980s most Americans evidently shared their President's concern with the Soviet threat, and their congressional representatives went along with huge increases

[13] This number is rough, based on my interviews and on press accounts. In any case, the precise number does not mean very much since operations vary widely in cost, not to mention risk and degree of controversy.

[14] Interview, Jan. 9, 1986.

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in defense spending—and in covert action. So, too, was Ronald Reagan able to rebuild considerable authority and discretion in the American presidency, thus ending a cycle begun by Vietnam and Watergate. Indeed, the saddest consequence of the Iran/contra debacle may be that it will set back this rebuilding.

The changes in American domestic politics in the mid-1970s have made it more difficult for the United States to achieve its purposes *secretly*. Other changes make it harder now than in the 1950s for the United States to intervene successfully at all, covertly or openly. Despite the controversy and mystique that surround covert action, history suggests that there is no magic to it. It means providing foreigners, secretly, with money or weapons or training as tokens of American support.

With the passage of time, however, a little money here, a few weapons there became less likely to achieve grand foreign policy purposes. Castro was a target of a different order than Arbenz. To think in 1975 that a few million dollars might alter the fate of Angola was a faint hope at best, and an illusion at worst, especially given that the CIA recognized that the Soviet Union and other external actors might counter American support with more assistance of their own. Even the CIA officials who planned the Bay of Pigs knew that to delay the invasion until Cuba had received deliveries of advanced Soviet fighter planes would be to condemn the plan to certain failure.

Also, notice the contrast between two Central American cases three decades apart, Guatemala and Nicaragua. Castillo Armas' liberators numbered no more than several hundred. Their "invasion" was more conjured than real. Yet they had control of the air, in large part because Arbenz, unsure of the loyalty of his air force, was unwilling to risk putting his own pilots in the air. *Sulfatos*—Spanish for "laxatives," the name Guatemalans gave to the invaders' bombs—plus rumors exaggerating the size of the invasion were enough to induce Arbenz to capitulate. In the case of Nicaragua, the contras numbered about 10,000 by the mid-1980s, yet not even the most ardent advocates of American assistance to them argue that they are about to induce the Sandinistas to "say uncle," much less that they now pose a threat sufficient to overthrow the regime by sheer force of arms.

The makers of revolutions have learned their own lessons from history, including the history of American covert action. They are determined not to repeat the mistakes of Arbenz and

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Mossadeq. They have sought to assure themselves the loyalty of the army or to build revolutionary cadres of their own. They also have learned a related lesson: if the United States threatens the revolutionaries, there are other sources of support, including the Soviet Union if need be, to which they can turn. And, unlike Arbenz or Mossadeq, they will turn to those sources sooner rather than later.

Moreover, to some of these leaders the United States is useful as an enemy. Arbenz and Mossadeq and even Allende sought Washington's approval, or at least its acquiescence. By contrast, if the United States is of any use to Castro, the Sandinistas and the Ayatollah Ruhollah Khomeini, it is primarily as a foreign demon against which their revolutions can rally—even though the Sandinistas were prepared to accept American aid as long as it was forthcoming and the revolutionary Iranians were not above seeking American spare parts for their military. In 1979 Iranians took Americans hostage and released them only when they ceased to be useful counters in the bargaining within the revolution.

V

In all likelihood, the record shows, covert operations *will* become known, and America *will* be judged for having undertaken them. Thus, the practical lessons lead into moral issues. The issues are hardly unique to covert intervention, though they are powerfully present there, and they are often obscured in policymaking by the presumption that covert actions will remain secret. Overt interventions, such as the American invasion of Grenada in 1983, or military attacks, such as the bombing of Libya in 1986, raise similar moral and instrumental concerns. These concerns are not absolute; they must be considered against the gravity of the threat and the adequacy of other available responses.

In December 1976, when I was in Washington working with several old friends who were making arrangements for the transition between the Ford National Security Council and the Carter NSC, we had decided to retain the basic structure of the Ford operation, with its network of sub-cabinet committees for particular purposes. Yet, of course, as a new administration, it was necessary to change the names of those committees, and so we joked about names. The 40 Committee, the Ford Administration's group for discussing covert action, would become the "If They Can Do It, So Can We" Committee.

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"If they can do it, so can we" seems an unacceptable rationale on both moral and instrumental grounds. What the Soviet Union or other nations do cannot settle the issue. We consider ourselves different from them, and imagine that the difference is not only basic to what we are as a people, but also a source of American influence in the world, part of this country's moral armor. Though our actions often belie our words, we do believe that nations should not interfere in the internal affairs of their neighbors.

We also believe that the example of democracy is a powerful one, one toward which peoples all over the world will gravitate if given the chance. Believing that, we must also believe that the example is a powerful part of our external behavior, not just of our internal arrangements. If people will choose democracy when given the chance, then democracy is demeaned, perhaps doomed to fail, if it is imposed from the outside. There is something incongruous about helping to overthrow governments—especially ones that come to power through elections that we would define as tolerably fair (as in Chile in 1970)—in the name of democracy.

In this view even the "successes" of covert action seem ambiguous or transient in retrospect, accomplished at significant cost to what we hold dear as a people and to America's image in the world. On the other hand, the world is a nasty, complicated place. In that regard Americans' historical ambivalence between the high moral view and the feeling that international politics is a dirty business is understandable. As Representative Stephen Solarz (D-N.Y.) put it: "Given Soviet violations of [accepted international] norms," for the United States "perpetual indifference is neither politically practical nor strategically prudent."[15]

Moreover, nations affect each other's politics in so many ways that any too-tidy definition of "intervention" is suspect. In all the examples cited, covert action formed only part of American policy. The United States decided whether to grant economic aid to Cuba or Chile or Angola, and whether to release Iranian assets held in the United States. Most of these decisions were based on explicitly political criteria. Even if similar decisions toward other countries are not so explicitly political, the decisions in any case have political effects on the

[15] "When To Intervene," *Foreign Policy*, Summer 1986, p. 21.

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country in question; of that fact, foreign political leaders have no doubt.

The same is true of actions by private American actors. U.S.-based businesses either invest or do not invest in a country, and that decision too has not just an economic but also a political effect. That is the case even if the decision is not political in any narrow sense of the term. Most of the businesses or banks that chose not to invest in Chile under Allende probably did not make that choice for any specific political reason, despite Washington's pressure. Rather, their decision was a business one, based on the climate in Chile. They saw that judgment as an economic one, though political instability surely was a factor in it.

In this context a unilateral self-denying ordinance against all intervention—open or covert—is too restrictive. Some threats to American national security require responses. Some American friends in the Third World deserve support. What is imperative is to keep in mind the long-term costs of intervention for a government that is not notable for attending to long-term considerations.

VI

Given that "covert" action is not likely to remain secret, why not act openly? In the case of aid to the FNLA and UNITA in Angola, covert rather than overt aid spared the first identification with the United States for only a few months; as for aid to the contras in Nicaragua, the "covert" form made not one whit of difference, as the operation quickly became known. Nor is it obvious that in these cases the recipients of American largesse much minded the source of the money being known. There is also the risk that covertness creates a self-fulfilling prophecy: if the United States only aids its friends secretly, then any link to the United States may seem sinister, portending much more than is the fact.

Doing openly what might earlier have been done covertly is not out of the question. The American radio stations broadcasting into Eastern Europe and the Soviet Union from Munich, Radio Free Europe and Radio Liberty, were in form private organizations; advertisements exhorted Americans to contribute to them. In fact, they were created and financed covertly by the CIA as propaganda vehicles. When that support was disclosed in 1967, the radio stations nevertheless continued

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to operate; they became supervised by a board and supported openly by appropriations from the American Congress.

A still more promising model is the West German political party foundations (e.g., the Konrad Adenauer Stiftung). They are instruments of the major parties but are supported openly by government money. They have openly assisted kindred parties and labor movements around the world. The Reagan Administration was moved in 1983 to create the National Endowment for Democracy (NED), an American parallel to the German foundations. The endowment, with a 1985 budget of $18 million, channels money to institutes of the two American political parties plus an AFL-CIO group and a business group, which then make grants in support of democratic institutions, mostly in the Third World.

So far, the record of the endowment is mixed but hopeful. Its grants, and those of its four constituent institutes, have been cautious and close to government policy. For instance, more than $400,000 went, over two years, to the American Friends of Afghanistan to develop educational and cultural facilities inside those portions of the country controlled by the resistance groups—activity that might in other times have been called the "civic action" component of a paramilitary operation.[16]

Acting openly, however, is neither easy nor a complete substitute for covert action. It requires an explicitness about influencing the politics of a foreign country that is uncomfortable for Americans, and hence likely to be controversial. Moreover, governments that feel threatened by that open assistance can act to prevent it more easily than if it were covert. For this reason, a bias toward openness would not settle immediate, difficult cases: Given that the Sandinista regime has closed the main opposition paper, would it prevent open assistance to opposition political parties in Nicaragua? What are the prospects in South Africa, where the regime has already blocked assistance to the opposition United Democratic Front?

It also remains an open question whether, given American politics, public funding is compatible with creative, and thus controversial, acts by private groups. The NED budget is only an eighth of that of the German party foundations, in a country one fourth the size of the United States. In 1985 Congress halved the endowment budget and denied any funding to the Republican and Democratic institutes, though that prohibition

[16] See the NED report for 1985 and its listing of grants for 1986.

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was relaxed the next year. It is a sad fact about American politics, even in the 1980s, that it is easier for the CIA to get money from Congress secretly than for another institution to get it openly—even if the purposes of the two are broadly similar. Funding for the CIA remains wrapped in the cloak of national security, and so members of Congress may be prepared to fund particular activities but prefer not to be seen to vote for them openly.

Open funding is thus likely to be restricted to small, political—and not too controversial—projects. Yet as a long-term direction for American policy, openness would reflect the reality that, as the century ends, national boundaries are more and more permeable. Given this reality, moreover, those groups the United States would like to support may not be so chary of accepting help, even—perhaps especially—if it is open. The United States would say to them: we are prepared to support you but only openly. We think that is better for you. In any case, we know it is better for us.

VII

The circumstances in which opting for a major covert operation makes sense are more and more unusual. U.S. aid to those in Afghanistan resisting Soviet occupation of their country is one such case. Americans, in and out of Congress, broadly support the cause of the rebels, or freedom fighters as some call them, and aid is a way to increase the cost of the Soviet occupation. American assistance, reportedly begun in a small way in the last year of the Carter Administration, escalated sharply in the mid-1980s to an estimated $280 million for 1985, mostly for small arms, clothing and supplies.[17]

The secret is an open one; the American role is not so much covert as, by tacit agreement, unacknowledged. The reason for circumspection is the touchy position of the Pakistan government, the conduit for the American supplies to the rebels. Pakistan has been prepared to support the rebels but is unwilling to be too visible in doing so lest it antagonize its powerful neighbor, the Soviet Union. In these circumstances, the resort to the CIA, rather than the American military, was more a matter of being discreet than of keeping the whole affair secret.

In deciding whether to choose the covert option, prudent

[17] As reported by *The New York Times*, July 29, 1986.

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policymakers should ask themselves a careful series of "what if" questions. That injunction applies to all policies, foreign and domestic. But it applies with special force to covert action because of the presumption of secrecy.[18]

The most obvious "what if?" is "what happens if—or more likely, when—it becomes public? What if it becomes public in midstream?" Large covert actions will not remain secret, a reminder that is easy to state but hard to embody in the making of policy when the pressures all go in the direction of wishful thinking. Witness the reflections on the Bay of Pigs by Richard Bissell, then head of the CIA's clandestine service:

> the argument was [not] made that this is now a very public business, and we'd better treat it as such, and either cancel it if we can't stand the publicity, or else do some of the things that will increase the chances of success if we are going to go forward with it.[19]

If the Iran operation of 1985–86 had remained secret for several years after all the hostages had been released, that success might have outweighed the costs of being seen to have traded arms for hostages when the operations became public. Perhaps; we cannot know for certain. It did not, however, take a sophisticated analysis to show that a covert policy targeted on some Iranians was vulnerable to being publicized by opposing Iranian factions if and when it suited their political purposes. And it was equally likely that, when the cover was blown, trading arms for hostages, with a nation the United States had denounced as terrorist, would be deemed unacceptable—by America's allies, much of the rest of the world and, most important, the American people.

Of course, whether a particular covert operation can bear the test of disclosure is apparent in retrospect but often far from obvious before the fact. Prudence suggests that presidents pay careful attention to such warning signals as the review process throws up—the views of cabinet officers, people in the White House who attend to the president's interests, and congressional overseers who are surrogates for public reaction.

One warning signal, however, *is* evident in advance: Does the intervention contradict overt American policy? If it does, as with arms sales to Iran, it is especially improbable that the

[18] My checklist parallels that suggested by Stephen Solarz, "When To Intervene," *op. cit.*, p. 25, though mine is more specific to covert action.
[19] Columbia University Oral History project, p. 25.

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operation will withstand the test of disclosure. The arms sales were exactly the opposite of the Administration's public policies, which had twisted the arms of America's allies not to sell arms to Iran, had sought an end to the Iran-Iraq war with neither a victor nor a vanquished, and had pledged not to bargain with terrorists over hostages, much less to sell arms to them.

A second "what if?" is "what if the first intervention does not succeed? What then?" If covert action is to remain secret, most of the time it will have to be small. Small operations have often begun with grand purposes, objectives incommensurate with the instrument. When the goals could not be achieved, leaders were tempted to take the next step and the next. This happened in the Bay of Pigs and Angola and Iran in the mid-1980s. Sometimes a limited objective can be achieved, but its achievement makes it appealing to hope for more—witness Angola and perhaps Nicaragua, where the United States did seem to achieve its initial aim of cutting weapons supplies from Nicaragua to the anti-government rebels in El Salvador. Answering this "what if?" suggests, at a minimum, careful attention to the CIA's covert operators themselves, for signs of skepticism about whether operations as initially conceived can achieve their purposes. Such signs were there between the lines of Track II and Angola and Nicaragua. Some risks are worth running, but few are worth running in ignorance.

A third set of "what if" questions is "what signal will be received, by whom and with what result?"—judgments that are also easier with the benefit of hindsight, for they involve calculations of threat and of American interests. Intelligence assessments, by the CIA or the State Department, provide one set of indicators. In 1985–86, for example, American intelligence on Iran was weak, but what there was offered precious little ground for believing there were "moderates" who might be detached from their revolutionary colleagues. Later U.S. intelligence cast doubt on the imminence of a Soviet threat to Iran, one of the original premises of the operation. These were cautions that the intended signals might go awry.

The nature of those who are to receive secret American assistance can provide another warning signal. Since their relationship to the United States is meant to be clandestine, the CIA is often in a weak position to compel them to act to suit American purposes, yet the United States inevitably will become associated with "their" actions, like it or not, if and when

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the fact of support becomes known. Aid to the contras has been dogged by their origins in Somoza's hated National Guard and by continuing charges of human rights violations. Similarly, support for resistance forces in Afghanistan may be justified as a way to put strategic pressure on Soviet occupation of that country; but, given the character of the resistance forces, it is not a way to bring "democracy" to Afghanistan.

The regional context, in particular the attitude of American friends in the region, is another source of guidance. In the instance of Afghanistan, American assistance to the resistance is supported, though with varying degrees of publicity, by nations ranging from Pakistan to Egypt to Saudi Arabia to China. In Central America this indicator is more ambiguous, for most of the nations of the region publicly express qualms about aid to the contras while privately hoping the Sandinistas can be made to go away.

The second round of covert action in Angola raised these questions of signals given versus those intended, questions for which the 1975 episode provided guidance. In early 1986 the CIA was authorized to provide $15 million in weaponry for Jonas Savimbi's UNITA. For the Reagan Administration, the intended signal was anti-communism. For it, there was nothing incompatible about supporting anti-communism in Angola and anti-apartheid in South Africa. Alas, the reality of southern Africa frustrates that conception in the heads of Washington policymakers. Whatever his attractions, Savimbi has one flaw, a fatal one: he is almost completely dependent on South Africa, his army almost a unit of South Africa's. To support him is to signal to Africans that the United States is throwing its lot in with South Africa, in 1986 just as in 1975.

These rules of thumb amount to establishing a presumption against covert action. The guidance is mostly negative, a series of cautions. It is unwelcome to officials who are looking for something to do rather than something to avoid—a trait that runs deep in the American character and is reinforced by the circumstances in which covert action becomes an option. Yet given how both America and the world have changed over the postwar period, the circumstances in which major covert action makes sense as policy are sharply limited.

Guidelines akin to these were articulated a decade ago by Cyrus Vance, later secretary of state. For Vance, the criterion for covert action in the National Security Act of 1974—"affecting the national security"—was too loose. Instead, he

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recommended covert intervention only as an exceptional measure, when it was "absolutely essential to the national security" and when no other means would do.[20] Decisions would still be matters of judgment under this more restrictive guide, but no one has improved on the Vance standard. It bears remembering now, after so much damage has resulted from applying less demanding standards to covert action.

VIII

If the United States remains in the business of covert action, as it should, albeit under restrictive guidelines, it will continue to confront the paradox of secret operations in a democracy. At first blush the Iran/contra affair seems to suggest that the paradox cannot be managed, that the reforms that resulted from congressional investigations of intelligence a decade ago have counted for little. When the President finally in January 1986 signed the authorization required by law, a "finding," for the Iran arms sales operation, that finding was explicit: do not tell Congress. The congressional overseers did not find out about the Iran operation until autumn—hardly the law's requirement of "fully and currently informed" by anyone's definition. Later on the President himself apparently was not told, when the Iran and contra operations crossed.

In another sense, however, the system worked. In deciding to sell arms to Iran, the President pursued a line of policy opposed by both his secretaries of state and defense, about which he was afraid to inform the congressional intelligence committees, and which was liable to be revealed by Iranian factions as and when it suited them. It is hard to imagine any system providing more warning signals. When most of the government's senior foreign policy officials are opposed, it is likely that the policy, and not they, are wrong. The President thus proceeded at his own peril.

With regard to the diversion of money for the contras, the lesson is not that the NSC staff should be eliminated or the national security adviser made subject to Senate confirmation. Presidents will always need a source of private advice and a means of brokering the actions of the many foreign policy agencies of government. Moreover, if presidents are determined to get something done, they will be able to find someone,

[20] Testimony before the Senate Select Committee . . . on Intelligence Activities, Dec. 5, 1975.

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somewhere in the White House, to do it. So, too, if the United States continues to have a clandestine service, presidents will be tempted to use it as a middle, not a last, resort.

Rather, the lesson is a caution for presidents and those who advise them: do not run covert operations from the White House. Two decades ago it would have been unthinkable for an administration to do so; then the reason was that presidents wanted to stay at arms' length from such things, even if they could not plausibly deny them in a pinch. Now as then, if covert actions are to be undertaken, they should be done by the agency of government constructed to do them—the Central Intelligence Agency. It has both the expertise and the accountability. The Tower Commission's report is a sad tale of high-level meetings with no preparation in advance and no notes afterward, and of operational amateurism.

Moreover, as occurred recently as well as two decades ago, if the president's closest advisers become the operators, the president loses them as sources of detached judgment on the operations. The president's own circle become advocates, as Allen Dulles did in the Bay of Pigs, not protectors of the president's stakes (even if he does not quite realize his need for protection). So it was with President Reagan's national security advisers, Robert McFarlane and John Poindexter; once committed, they had reason to overlook the warning signals thrown up by the process. Excluding the designated congressional overseers also excluded one more "political scrub," one more source of advice about what the American people would find acceptable. And the chances increased that someone like Lieutenant Colonel Oliver North would misguidedly interpret the President's interest after his own fashion.

William Miller, the staff director of the first Senate Intelligence Committee a decade ago, reflected on the Iran/contra affair: "If clear lines hadn't been drawn a decade ago, there would have been no hue and cry now."[21] Drawing those lines again, sharply, as cautions for future administrations is about as good as we can do. If the congressional investigations complete the task begun by the Tower Commission, those future administrations will be on notice.

[21] Interview, Jan. 16, 1987.

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John W. Sewell
Christine E. Contee

FOREIGN AID AND GRAMM-RUDMAN

The current U.S. foreign aid program has outlived its time. The developing world has changed drastically since the principles for the present program were formulated, beginning in the 1950s. As currently structured, the American aid program is no longer congruent with the multiplicity of interests that the United States has in the countries of the Third World.

The ongoing debate over the budget deficit and the spending ceilings of the Gramm-Rudman deficit reduction legislation has sharpened conflict among decision-makers over the grab bag of programs in the international affairs account of the federal budget. Cuts in some specific aid programs ranging from 10 to 50 percent have already been made in an effort to enforce spending ceilings. The question is whether these continuing budgetary pressures will force Congress and the Reagan Administration to take a serious look at how American interests in the developing countries have changed, and how these interests can be advanced in a time when resources are scarce.

Such an examination is long overdue. The foreign aid programs that dominate the international affairs budget had their origins in the desire to blunt Soviet expansionism while promoting American economic interests abroad and improving the well-being of the world's poor majority. These goals have existed in uneasy partnership, receiving varying priority through successive administrations. Beginning in the late 1960s however, increasing disagreement over the goals of the aid program resulted in frequent political stalemate. In recent years, Congress and the executive branch have repeatedly failed to agree on programs, and ad hoc funding of U.S. aid through continuing resolutions rather than new legislation has become common.

These trends have been accentuated under the Reagan Administration, which has had a clear vision of how it wishes to

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use the aid program.[1] Capitalizing on a renewed concern about Soviet activities in the developing world, the Administration managed to increase the foreign aid budget[2] from $9.6 billion in fiscal year 1980 to a peak of $20.2 billion in FY 1985, before the Gramm-Rudman budget-cutting began. (Even the reduced FY 1987 level of $12.9 billion represents a 26-percent increase over the FY 1980 budget.) All of that growth, moreover, has been in the area of security and military assistance. Bilateral and multilateral economic assistance for development has actually declined since 1980 in nominal as well as real terms.[3] As a result, the current program is dominated by military and short-term security concerns, focused heavily on the Middle East and Central America.

As long as the budgetary "pie" was expanding, it was possible to put together a large enough coalition in Congress to pass at least a continuing resolution supporting the diverse programs funded through the aid budget. But in the current political climate the pie is not expanding. Congress slashed the Administration's FY 1987 aid request by 23 percent last year, and resources for at least the next few years are unlikely to be significantly more plentiful. Consensus is no longer possible if it can only be achieved through an escalating aid budget.

II

We believe that the current imbalance within the international affairs budget represents a misallocation of scarce resources which the United States can no longer afford. In our view, U.S. interests in the developing countries do not, by and large, stem from concerns about military security; rather they are largely economic, political and humanitarian. It is toward these goals that resources in the foreign aid budget should be applied.

[1] See John W. Sewell and Christine E. Contee, "U.S. Foreign Aid in the 1980s: Reordering Priorities," in *U.S. Foreign Policy and the Third World: Agenda 1985–1986*, John W. Sewell, Richard E. Feinberg and Valeriana Kallab, eds., Washington: Transaction Books, for the Overseas Development Council, 1985.

[2] The term "foreign aid," used here as it is in the federal budget, includes bilateral and multilateral development programs, as well as international security assistance and military aid. This definition was chosen because it includes a range of policy instruments and choices available to U.S. decision-makers concerned with relations with the developing countries. The data used here should not be confused with those issued by the Organization for Economic Cooperation and Development for "official development assistance," which are based on a much different set of criteria.

[3] The government's Economic Support Fund is placed in the security assistance category in this article since, as we will argue, the primary purpose of the program is to address U.S. strategic and political objectives by providing economic assistance to allies.

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Significant changes, which have taken place over the 1970s and, particularly, in the last few years, mark a watershed; as a result, economics are now more important to U.S. interests in the developing world than are issues of military security:

—The United States has been transformed from a creditor to a major debtor country.

—The position of the United States in the global trading system has also shifted dramatically. The U.S. trade deficit approached $170 billion in 1986, and the reduced value of the dollar is only very slowly having an impact on the deficit's decline.

—The commercial banking system is now internationalized; the health of U.S. banks is linked in good part to the ability of foreigners to repay loans made during the last decade, which is in turn closely related to their ability to export goods to the United States and other developed countries.

—The political stake of this country in broad-based growth and development in key countries such as Mexico, Brazil, Argentina and the Philippines is increasing as these countries liberalize both their economic and political systems. But the liberalizing trend is not likely to be sustained if these countries cannot manage their economies in a manner that will allow them to meet pent-up demand for greater social progress and equity.

In this new environment the importance to the United States of the developing countries looms large. There is no single, overarching U.S. interest in the Third World; rather there is a multiplicity of interests—complex, overlapping, often even conflicting. Given its changed position in the international economy, the United States is overdue in developing a broad definition of those interests—one that encompasses and balances its own political, security, economic and humanitarian objectives and is sensitive to those of other nations.

In recent decades the developing countries have assumed far greater importance in the global economy, and many are now major participants in the international economic system and important sources of global demand. Benefiting from the rapid expansion in world trade in the 1960s and 1970s, a number of developing countries became important exporters, not only of traditional primary products, but of sophisticated manufactured goods as well. Today Brazil exports commuter airplanes to the United States and armored cars to the Third World;

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South Korea is marketing an automobile in the United States that is capturing the low-price end of the market; and India is doing a thriving business designing software for Americans' personal computers. During the same period, the developing countries emerged as major export markets for the United States. Buoyed by their own rapid growth and by expanded commercial financing, the developing countries were purchasing 40 percent of American exports by the end of the 1970s, and their purchases were increasing at a faster rate than U.S. exports to the industrial countries. Today half of the United States' top 20 trading partners are developing countries.

Over the same period many developing countries also became important participants in the international commercial financial system. Primarily as a result of the explosion of commercial bank lending to the Third World, the relative importance of concessional flows, or foreign aid, to the Third World declined rapidly. As a proportion of total financial transfers from industrial to developing countries, concessional aid dropped from nearly 60 percent in the 1960s to 30 percent in 1980. Conversely, bank loans to non-oil-exporting developing countries rose from $10 billion in 1973 to $49 billion in 1980. Foreign direct investment in developing countries also grew steadily, from around $6 billion in the early 1970s to a peak of $14 billion in 1981. (Since 1981 concessional assistance has again risen to represent a larger share of total financial transfers from North to South, not because of aid increases, but because of the contraction in commercial bank lending and direct investment.)

Unfortunately, development progress has virtually halted since 1980. Mounting debt, falling commodity prices and sluggish global trade flows have devastated many Third World economies. Since 1980 the annual growth rates in the developing world as a whole have slowed; not even "best-case" World Bank projections for the next decade show most regions of the Third World resuming the rapid growth rates of the 1960s.

This prolonged sag in the world's economic performance has been very costly to the United States; between 1980 and 1985 more than half of the decline in U.S. exports resulted from a decrease in purchases by developing countries. The impact on employment in this country has been considerable. Nearly 1.7 million American jobs have been lost due to recession in the Third World, an amount equivalent to 19 percent

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of official U.S. unemployment in 1985. Among the hardest-hit sectors have been the manufacturers of heavy machinery, transportation equipment, and food and agricultural products. Furthermore, as a result of the debt crisis, the developing countries now have the potential for bringing down the international financial system if they are unable—or unwilling—to continue to service their debts. Third World growth and progress warrants much more policy attention than it is currently receiving, and should claim a considerable share of U.S. aid resources.

The fear of the Soviet Union's penetration of the developing world, which has dominated the policies of the Reagan Administration, has prevented recognition that the security interests of the United States in most of the Third World are best protected by fostering capable developing-country governments, willing and able to meet the economic and political aspirations of their people. In this regard trends in the developing world are both encouraging and worrisome. Third World governments are generally more stable than in recent decades (Soviet-aided subversion of major Third World states is less likely now) and there is a fortuitous, though fragile, trend toward democratization in Latin America, the Philippines and, with luck, Haiti. Growing political pluralism in these countries, however, is bound to unleash demand for more jobs and social services precisely at a time when their governments are under great pressure to control expenditures in order to pay debts and balance external accounts. If these legitimate popular demands are not met, democratization could be discredited, and unrest and repression could increase. The impact of such an outcome on U.S. security interests would be considerable indeed, and today's troubles in Central America would appear a mere sideshow in comparison.

Moreover, the current concern about the activities of the Soviet Union in the developing countries needs to be put in perspective. In large parts of the developing world, including the most prosperous and important areas such as Latin America and East and Southeast Asia, the Soviet Union is simply one more player in the game. During the postwar period, the Soviet Union's willingness to take risks and bear costs in the developing world has been limited to a few client countries; outside of the Middle East, its activities recently have been restricted to very poor and weak countries, such as Ethiopia, Angola and Mozambique.

Few leaders of developing countries still see the Soviet Union

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as the desired model for their own countries' development. Since the priority of most developing countries is economic development and modernization, most countries today see a need to tap the benefits of an international economic system that is still dominated by the United States and the other Western industrial powers. Soviet policy toward the developing countries under Gorbachev is not yet clear. The new Soviet leader has visited India and he may travel to Mexico and elsewhere in Latin America. There is also discussion within the Soviet Union of how the country can draw on the lessons of the newly industrializing countries of Asia. But there is no evidence of major new Soviet programs in the Third World except in the currently existing client states, and a number of factors, most notably the need to modernize the Soviet economy, could lead to continued Soviet restraint in the Third World.

Meanwhile, close to one billion people around the world continue to live in absolute poverty, aptly described by Robert McNamara as "a condition of life so degraded by disease, illiteracy, malnutrition, and squalor as to deny its victims basic human necessities." The persistence of human suffering on such a vast and unacceptable scale presents the preeminent moral challenge of the decades ahead.

Americans care about poverty, and Third World poverty has aroused in them the same strong humanitarian spirit that they have traditionally shown the poor at home. According to a recent survey, a majority of Americans (54 percent) favor providing foreign economic aid.[4] On a per capita basis, private donations by individual Americans for overseas relief and development are among the highest in the world. In 1985, largely in response to the African famine, Americans contributed $1.5 billion through private agencies, an amount almost equal to official U.S. bilateral development assistance for that year.

Much improvement in world living standards has been achieved over the last 40 years, and the possibilities for continuing progress are considerable. UNICEF's current campaign to reduce by half the number of children who die each year in the Third World is one example; another is the recent success-

[4] Christine E. Contee, *What Americans Think: Views on Development and U.S.-Third World Relations*, Report on a public opinion project of InterAction and the Overseas Development Council, Washington: Overseas Development Council, March 1987.

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ful efforts of the U.S. Agency for International Development, the World Health Organization and various African governments to attack the disease "river blindness" in large areas of West Africa.

In a world still marked by extremes of wealth and poverty, the United States has a considerable interest in the alleviation of poverty. Although not all of the developing world's economic, political and humanitarian interests can be satisfied by U.S. aid alone, the Third World policy of the United States should engage the full range of aid, trade and finance measures on the bilateral and multilateral agenda. Aid resources directed toward a carefully targeted set of programs can act as a catalyst, mobilizing indigenous resources in developing countries and additional resources—public and private—from the industrial world. Not insignificantly, such programs would serve as a positive political indication to the rest of the world that the United States' first priority in the Third World is the restoration of economic and social progress.

III

It is within the context of U.S. interests in Third World development that the trends in the U.S. foreign aid budget since 1980 look so alarming. The aid budget increased by 52 percent from FY 1980 to FY 1985, and by 26 percent from FY 1980 to FY 1987, but that increase has gone almost totally into military and security programs. Despite the Gramm-Rudman cuts, security assistance—including military programs and the Economic Support Fund—has risen from $4.4 billion in FY 1980 to $8.5 billion in FY 1987. Over the same period, U.S. bilateral and multilateral development assistance declined from $5.2 billion to $4.4 billion. Security assistance now claims 66 percent of the total aid program. (In comparison, security aid during the Carter Administration peaked at $5 billion in FY 1979, when it comprised 50.7 percent of the total aid program.)

The Economic Support Fund has been one of the most rapidly growing aid programs over the last seven years. Whether ESF is a "security" or "development" program is an often-debated topic, and the category in which one "counts" ESF makes a tremendous difference as to whether one views the total aid effort as tilted toward security or development objectives. ESF cannot be used for military purposes, and Congress has mandated that the program be used in a manner that

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TABLE I

U.S. FOREIGN AID BUDGET AUTHORITY, 1980–1987[a]
(in millions of dollars)

	1980	*1982*	*1984*	*1985*	*1986*	*1987*
DEVELOPMENT						
Multilateral Development Banks	2,308	1,262	1,324	1,548	1,143	949
International Organizations	260	215	315	359	261	237
AID	1,596	1,847	2,013	2,492	2,026	2,066
PL-480	886	1,000	1,377	1,964	1,243	1,083
Other	483	589	533	612	544	689
Offsetting Receipts	−296	−361	−493	−479	−457	−583
Total	5,237	4,552	5,069	6,496	4,760	4,441
SECURITY						
Military Assistance Program	110	179	712	805	798	900
Foreign Military Sales[b]	2,095	3,883	4,818	6,623	4,947	4,040
ESF[c]	1,942	2,919	3,389	6,160	3,762	3,600
Other	291	221	110	214	95	56
Offsetting Receipts	−33	−199	−86	−71	−58	−76
Total	4,405	7,003	8,943	13,731	9,544	8,520
GRAND TOTAL	9,642	11,555	14,012	20,227	14,304	12,961
Security Assistance (as % of total)	46%	61%	64%	68%	67%	66%

[a] Figures for FY 1980-FY 1986 are actual; FY 1987 are estimates.
[b] Includes on- and off-budget FMS.
[c] Some ESF is used to promote development as well as security.
SOURCE: Office of Management and Budget, *Budget of the U.S. Government*.

is consistent with economic development "to the maximum extent feasible." Nonetheless, in this article ESF is included in the security assistance category because—as discussed further on—the funds are largely allocated to U.S. allies on political or strategic grounds (for example, as part of the Camp David accords, or to guarantee U.S. access to bases or other facilities) rather than in support of long-term U.S. economic interests or development objectives.

What led to this extreme imbalance between security and development assistance? The central factor is the Reagan Administration's overriding concern, in which Congress, by and large, has acquiesced, that Soviet intervention or influence is

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the major cause of Third World political instability and regional tensions. The escalating cost of Middle East aid programs (principally for Israel and Egypt) is a second major cause of the rapid budgetary increase in security programs. Security aid to Israel and Egypt rose from $2.7 billion in FY 1980 to $5.1 billion in FY 1987. The increases in security aid to these two countries together account for nearly one half of the total growth in the foreign aid program.

Currently the overall aid program is an amalgam, used for a great number of different purposes: to promote security interests in the Middle East; to bolster regimes in countries where the activities of the Soviet Union or its "surrogates" are seen as a threat to U.S. interests; to compensate countries for agreeing to host U.S. military bases or contingency facilities; to support the World Bank, the other multilateral development banks and the development programs of international institutions such as the United Nations; to provide emergency and disaster relief for refugees and others; to promote, through bilateral assistance, economic and social development in the poorer countries, notably in sub-Saharan Africa; and to meet such disparate foreign policy interests as international narcotics control, landing rights for the space shuttle and security for U.S. embassies abroad. These are ambitious goals for a program that claims less than two percent of the total federal budget.

Given that budgetary pressures are likely to persist for several years, difficult choices are going to have to be made. There is no way to continue the current pattern of dividing the aid budget without doing serious harm to long-term U.S. interests in the Third World. In the short term, policymakers need to identify low-cost ways of supporting U.S. interests in global development. Over the longer term, a more fundamental series of issues needs to be faced:

—How should the priorities of these programs be redefined to recognize the changed role of the developing countries in the world's political economy?

—How can resources be reallocated from security to economic programs?

—How can available resources be used more effectively to meet U.S. interests?

First, the United States should seek to restore financial stability and equitable economic growth in middle-income countries such as Mexico, Taiwan, Venezuela, Brazil and Ni-

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geria. By and large these countries no longer need traditional concessional aid, but many will need non-concessional financing from both public and private sources to surmount their current debt difficulties and to provide for future productive investment.

The plan announced by U.S. Treasury Secretary James Baker in October 1985 to remedy Third World indebtedness was a welcome initiative. But the success of the Baker Plan depended in large part on significant capital flows to the debtor nations from private sources. Unfortunately, rather than expand their lending, U.S. commercial banks cut their outstanding credits to non-OPEC developing countries by $8 billion and cut lending to the 15 major debtors by $5 billion in the first three quarters of 1986.[5] Clearly in the near future a large increase in public resources will be necessary, primarily from the World Bank and the International Monetary Fund (IMF). Over the longer run, the economic and developmental success of these countries will depend heavily on their ability to implement and sustain efficient domestic policy choices, and on the access they have to world markets and investment capital from both public and private sources.

A second and related priority should be the financing of economic policy reform. The Reagan Administration, along with the multilateral development banks and other bilateral donors, has correctly emphasized the importance of sound macroeconomic policy decisions by developing countries. A growing number of developing-country governments are adopting policy changes which only a few years ago were considered politically impossible. Since the Baker Plan was announced, at least 8 of the 15 major debtors have signed standby agreements with the IMF, and 10 have accepted World Bank conditional loans. Fourteen African countries have substantially raised prices paid to farmers; 11 are reforming or divesting state-owned businesses; at least 10 have devalued their currencies to stimulate foreign trade, and a comparable number have cut back on public services and reduced subsidies on consumer goods.

But the United States and other industrial countries will

[5] "Third World Debt: Toward a More Balanced Adjustment," Statement by Richard E. Feinberg, vice president, Overseas Development Council, before the Subcommittee on International Debt of the Committee on Finance, U.S. Senate, Mar. 9, 1987.

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need to keep their end of the implicit bargain. Even the most well-intentioned debtor governments will hesitate to make tough policy reforms without assurance that external financial support will be available over the long run to ease political, economic and social costs. Currently the risk is high that, having instituted difficult changes, the developing countries will find the financial rug pulled out from under them. If that happens, policy reform in the developing world could be a dead issue for the next decade.[6]

Third, the United States will need to support developing-country efforts toward democratization and social equity. If financing is not available to satisfy pent-up demands, the recent experiments in political liberalization in the developing world may be short-lived. This tension, rather than any Soviet activity, is probably the principal security threat in Latin America.

Support for programs that address poverty in developing countries should be a fourth priority objective for U.S. policy. The alleviation of poverty is not simply a matter to be remedied through specific aid projects. Debt and trade policies can have a major impact on the well-being of poor populations. Donors and recipient countries can encourage policy reforms that not only emphasize macroeconomic goals, but also protect social programs aimed at the poor majority. Although many middle-income countries should be able to deal with their poverty problems once economic growth is restored, concessional aid will still be of major importance to the low-income countries through the end of this century if the worst aspects of poverty are to be eliminated.

Finally, U.S. exports to and investment in the developing countries must be expanded. American exports to the developing countries have declined under the impact of Third World recession and financial stringency, American jobs have been lost and returns on investments in the developing countries have declined. In a competitive world, export financing and promotion, investment guarantees and insurance will be important, particularly as the United States assumes the dubious mantle of the world's largest debtor.

[6] This issue is particularly crucial in sub-Saharan Africa. At the U.N. Special Session on Africa in June 1986, African governments pledged themselves to major policy reforms in the hope that Western governments would support them. So far the response from aid donors has been very disappointing.

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IV

Achieving these objectives necessarily requires a reallocation of scarce foreign aid funds, most importantly from security-oriented programs to economic ones. There is no doubt that the United States will continue to have security interests in certain developing countries, and that these interests will call for the use of short-term military or political aid. The unresolved issues are, first, determining those countries in which the United States actually has security interests and, second, deciding whether those interests are best promoted through security aid.

The countries in which U.S. interests face serious military security threats are arguably few in number. It is worth mentioning that military and security aid is presently being provided to 102 countries—ranging from major programs, such as those in the Middle East, to small military training programs in countries such as Austria, Finland and Algeria—as compared to only 43 countries in 1980 and 45 countries in 1975. Among the current recipients of security assistance are Botswana, Senegal, Zaïre, Jamaica, Bangladesh and Fiji; U.S. security interests in these and many other countries are difficult to perceive.

The United States can no longer afford an indiscriminate use of dollars for purposes that are not clearly defined. Little assessment has been undertaken as to the efficacy of security and political assistance;[7] the interests being addressed and the benefits to the United States seem to be accepted without question. Too often these programs have become a de facto form of entitlement, with the current year's funding level often taken as the base from which to calculate the next year's increase.

This lack of evaluation of benefits is particularly marked in the case of direct military assistance, foreign military sales and training, and aid to compensate for American military bases. These programs have little or nothing to do with either development or the now-dominant U.S. economic interests in the Third World, and should be transferred to the defense budget. Such a transfer would not necessarily free resources for eco-

[7] In contrast, development assistance has been exhaustively evaluated by AID, Congress, international organizations and outside experts. See, for example, Robert Cassen and Associates, *Does Aid Work?* Oxford: Clarendon Press, 1986, and *Development Strategies Reconsidered*, John P. Lewis and Valeriana Kallab, eds., Washington: Transaction Books, for the Overseas Development Council, 1986.

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nomic programs (an unrealistic hope given the short-term budgetary pressures, no matter how desirable over the longer run), but it would permit Congress and the Administration to make intelligent judgments about allocating resources among programs that seek to maintain this country's security. For instance, U.S. allies in NATO, or other base-rights countries, might be asked to help pick up the cost of U.S. military facilities in those countries, which exist at least theoretically as much for their defense as for that of the United States.

U.S. nonmilitary security assistance is provided through ESF, until 1978 known as Security Supporting Assistance. About one third of the program's funds, which now total $3.6 billion, are used in projects much like those supported through development assistance. In many cases, however, these projects are designed to be quickly disbursable and immediately visible. Economic development or poverty alleviation are secondary goals in project design and implementation. The remaining two thirds of ESF monies are provided through direct cash payments or the Commodity Import Program (CIP), which can, for example, render balance-of-payments support to debt-burdened developing countries. When delivered through CIP or as cash transfers, however, ESF also frees up domestic resources, which have been used for military purposes by some countries.

A further problem relates to where the monies are allocated. The program is largely skewed toward middle- and high-income countries. Only ten percent of the ESF budget for FY 1987—around $367 million—is targeted toward low-income nations.

Finally, while some ESF program support may foster policy dialogue between the United States and the recipient country, the primary determinant of ESF allocation is short-term political interest, not economic reform. Americans like to believe they can get multiple returns for the same dollars; they like to think that aid provided for security purposes can also be used to promote economic reform or political pluralism. But if the United States were seriously interested in using aid to promote economic or political change the ultimate sanction would be to withdraw support. The irony of a politically determined aid program is that, where the aid program is large enough to make a difference to the country in question, funds are not likely to be withheld for any reason, as such action might threaten perceived political or strategic interests.

Clearly there is a tremendous need for program support for

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economic reform and recovery in the Third World. But ESF as currently structured is not the best way to meet this need. The World Bank, through its sectoral and structural adjustment loans, is increasingly involved in program lending; its technical expertise and the resources at its disposal make it the most appropriate actor for this kind of program. U.S. bilateral aid can play a complementary role in many countries, but this should be achieved by expanding the availability of development assistance in program form, not by continued reliance on the more politicized ESF program.

In those few countries where the United States does have clear security interests, a great deal more support should be provided in direct payments, rather than project aid. (Israel is now the only country whose entire aid program is delivered in this fashion.) Project aid in these cases has a number of drawbacks. It is necessarily more expensive to administer, and under current patterns of management requires large, visible in-country American staffs. It also often leads to political frictions with the country involved, with endless discussions of how to reconcile AID's development mandate and the understandable feeling on the part of recipient governments that the funds are being provided in return for a series of mutual commitments. (Most base-rights countries feel with some justification that the aid is de facto rent.) A shift to a limited, time-bound security aid program should also be accompanied by the institution of annual reviews with the objective of ending aid payments when policy goals have been met or circumstances have changed.

V

How can available resources be used more effectively to meet the interests of the United States and the needs of the Third World? A major challenge is to ensure that available concessionary resources are concentrated in poorer countries and areas with little access to trade, investment and commercial credit. These are predominantly countries in South Asia and sub-Saharan Africa, as well as parts of the Caribbean.

Such a concentration would involve considerable redirection of U.S. aid. Currently, less than one quarter (some $1.3 billion) of total U.S. bilateral development assistance, economic support funds and food aid is programmed for the low-income countries; lower-middle-income countries receive around $2.8 billion, and upper-middle-income countries some $1.4 billion. In per capita terms, this means that the low-income countries

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receive about 54¢ of U.S. aid, while lower-middle-income countries and upper-middle-income countries receive $4 and $1.84 per capita, respectively.[8] A considerable shift of scarce budgetary resources away from the better-off developing countries is warranted.

Of course, there are middle-income and even high-income countries of sufficient importance to U.S. interests as to have a claim on scarce concessional assistance. But these should be the exception to the rule, and justified on a case-by-case basis. The more advanced middle-income countries should increasingly be able to finance their own development through trade, multilateral development bank or commercial bank borrowing, and private investment—already more important sources of financing for most of these countries than concessional aid. Thus, non-aid measures will be of much greater importance for middle-income countries.[9] For instance, reducing U.S. trade barriers against textiles, sugar or beef would do more for many developing countries than any feasible amount of aid. Industrial-country trade barriers against sugar and beef alone

TABLE II

MAJOR RECIPIENTS OF U.S. ECONOMIC AID, 1980, 1984 AND 1987[a]

(in millions of dollars)

1980		*1984*		*1987*	
Egypt	1,183	Egypt	1,013	Israel	1,200
Israel	786	Israel	910	Egypt	1,004
India	232	El Salvador	326	Pakistan	347
Turkey	198	Pakistan	278	El Salvador	304
Indonesia	197	India	203	Philippines	277
Bangladesh	175	Sudan	191	Bangladesh	137
Sudan	97	Costa Rica	176	India	137
Philippines	85	Honduras	174	Honduras	134
Pakistan	73	Bangladesh	162	Costa Rica	120
Jordan	70	Dominican Rep.	145	Guatemala	120

[a] Includes development assistance, PL-480, and Economic Support Funds.
SOURCE: AID, *Congressional Presentation*.

[8] If Egypt is excluded from the lower-middle category, the amount drops to $2.76 per capita; if Israel is excluded, high-middle income countries receive 26¢ per capita.

[9] One of the challenges of the future will be to create a new development relationship with the two "giants"—India and China. Together, they represent nearly two billion people, many of whom live in extreme poverty; yet they are also industrial powers and important exporters of industrial goods. We would argue that India should continue to draw on the concessional resources of the World Bank for the next few years but that U.S. bilateral aid should be phased out, with the resources saved being transferred to poorer countries, particularly in sub-Saharan Africa.

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could amount to lost export earnings equal to one third of all industrial-country aid to the Third World.[10] The World Bank has estimated that liberalization of world agricultural trade in grains, meat and dairy products would raise developing countries' national incomes by $18 billion annually (while industrial countries would gain $46 billion). The United States has already taken some steps on this front for countries that have been assigned security importance, such as negotiating a free trade agreement with Israel and providing special trade and investment preferences through the Caribbean Basin Initiative. But much more can be done for other countries in this regard with little budgetary cost (although not without domestic political cost).

Finally, there is no escaping the issue of aid levels in the Middle East. Currently Egypt and Israel combined receive $6.1 billion in total military and development aid, or 49 percent of the total U.S. aid budget, an amount justified on the grounds that it serves to advance the peace process and support Israel as a security bulwark in the Middle East. There is no doubt that support for Israel is very important to the United States and that peace in the Middle East is worth a significant investment. But few questions are raised about the level of aid to the region, the conditions under which it is provided and whether over the long run it is healthy for Israel and Egypt (or for that matter any developing country) to be so financially dependent on the United States. Despite Israel's strategic importance to the United States, it is debatable whether that country should receive any *concessional* resources, given its advanced state of development. Israeli per capita income is $5,060; the United States provides Israel with military and security assistance equivalent to $750 per capita. We believe that concessional aid to Israel should be gradually replaced with lending on terms closer to market rates, complemented by a series of economic agreements, such as the U.S.-Israeli free trade arrangement, that will enable Israel to reduce its financial dependence on the U.S. government.

The participation of the multilateral development banks would also be crucial in a program designed to channel aid most effectively *for development.* By now this is almost a standard part of the litany of those who support development, but it

[10] Joachim Zietz and Alberto Valdes, "The Costs of Protectionism to Developing Countries," World Bank Staff Working Paper No. 767, 1986.

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bears repeating. The performance of the World Bank and its regional counterparts in Latin America, Asia and, most recently, Africa has not been without error. The World Bank's earlier prescriptions for Africa were mistaken, as it now admits, and its staff was overly optimistic about the ability of the major debtors to grow out of their problems. But on balance the multilateral development banks have a good track record in promoting and supporting sound, efficient economic programs and policies in the Third World. Certainly in terms of "bang for the buck," no other institutions can leverage U.S. contributions so effectively. Under burden-sharing conventions, one dollar contributed by the United States enables the World Bank to lend $60.

The Reagan Administration entered office skeptical about the Bretton Woods institutions, but was converted to support for the IMF after the 1982 financial crisis, and to support for the World Bank in 1985 as the debt crisis continued. Over the last year and a half—since the introduction of the Baker Plan—the United States has explicitly encouraged the World Bank (and the Inter-American Development Bank) to assume greater responsibility for dealing with the developing countries' economic crisis.

Meeting this challenge requires the World Bank to expand its structural adjustment programs, both to promote economic reforms and to help leaders sustain politically difficult measures. To protect the poorest segments of the population, the World Bank must also work with interested governments to design policies and programs that ensure that the most vulnerable groups do not bear the bulk of the cost of adjustment. At the same time, the World Bank will need to restore confidence in the international financial system, catalyzing private flows to the Third World. In short, the World Bank faces an enormous task, but one which it is capable of handling, given adequate resources.[11]

There is agreement among the major donors (the United States excepted) that the World Bank needs a large increase in its capital in the near future. (Bank members recently agreed to replenish its soft-loan window, the International Development Association, at a level of $12.4 billion for the next three years, although Congress has yet to provide the required U.S.

[11] See Richard E. Feinberg and contributors, *Between Two Worlds: The World Bank's Next Decade*, Washington: Transaction Books, for the Overseas Development Council, 1986.

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funds and the United States is still in arrears on previous IDA commitments.) The United States should assign its contributions to the World Bank and the bank's regional counterparts the highest priority in its budgetary allocations. No other institutions can adequately meet the task ahead in terms of resources, expertise and international political clout.

VI

Does the United States still need a bilateral aid program? The U.S. Agency for International Development, when it was established in 1961, reflected relationships between the United States and the developing countries that now have been radically altered. AID was to be the lead agency for U.S. development policy, a task it no longer fulfills. U.S. policy toward the World Bank and the other multilateral development banks is determined instead by the Treasury (although AID contributes to the decisions), and country allocations of bilateral security aid are largely decided by the Departments of State and Defense. AID does not have the clout to deal with decisions on trade and debt that have great impact on the middle-income countries, and is often too encumbered to work easily at the grass-roots level. Now is the time to incorporate AID into a new agency which more carefully targets development programs to address poverty in low-income countries and in selected middle-income countries.

The new agency would leave to the World Bank those things the bank does best—particularly financing infrastructure, constructing institutions and conducting policy dialogue—while building on AID's long-standing strengths, most notably a decentralized field staff with a good understanding of developing societies. The central purpose of the new agency should be to support programs that enable poor people to improve their own lives in ways that are economically and, very importantly, environmentally sustainable. One valuable effort would be to assist countries to better utilize science and technology both for human welfare and industrial progress.

Efficiencies in the program would also be possible. In countries where aid is provided for security purposes, large AID missions could be cut back, thereby reducing an American presence that often causes resentment and political frictions (as currently in Egypt and formerly in Iran). India presently recieves approximately $130 million in economic aid from the United States; it makes little sense to have an AID mission

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managing this relatively small amount in a country as well provided with an educated bureaucracy as India. It is also difficult to justify the fact that in Africa there are individual AID missions in 40 different countries, several running programs under $5 million; instead, specific development activities could be managed on a regional or subregional basis, working through African institutions wherever possible.

The new agency, however, would need the capacity to work on development projects in selected middle-income countries of importance to the United States where poverty remains a serious problem. In these countries—and, indeed, in some low-income countries—the new agency could operate rather like a public foundation. A small U.S. staff could handle relations both in Washington and in the field with the World Bank and the regional development banks, and could act as a link to other public and private programs that have a yet-unexploited potential to assist in Third World development. A judicious expansion in the availability of technically trained Peace Corps volunteers would be good for the developing countries and for the United States. (The Peace Corps is now budgeted for only 5,000 volunteers, compared to 15,000 in the 1960s.) The Inter-American and African Development Foundations are other avenues through which the new agency could work effectively with nongovernmental groups in the Third World, as are the American private voluntary organizations.

Finally, a new agency's efficiency could be measurably increased if Congress were to step back from trying to micromanage the aid program. AID is currently subject to a host of regulations, including ones that insist that shipping be done on American vessels, place limits on hiring indigenous personnel, require reporting and approval of all changes in projects presented to Congress, and deny any ability to carry over authorized funds from one fiscal year to the next. Many of these requirements were mandated by a Congress distrustful of the executive branch and unwilling to delegate even the most routine authority. If budgetary resources are scarce, this rigid oversight—to which few, if any, other government agencies are subjected—may be a luxury that neither Congress nor the aid program can afford.[12]

[12] A number of these changes are reflected in the African Famine and Development Act introduced by a bipartisan group of congressmen and senators. A parallel initiative is the Administration's proposed Development Fund for Africa.

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This new agency would not, however, respond to the need to knowledgeably orchestrate aid, trade, finance and investment policies toward developing countries. Previous administrations have tried a variety of bureaucratic mechanisms, including White House coordinators and new agencies, all of which have been less than spectacularly effective. The Department of State has abdicated responsibility for international economic policy, leaving to the Treasury Department the task of integrating these programs. For obvious reasons the Treasury has a predominant interest in financial rather than development policy. The lack of an overall "guidance mechanism" for development promotion cannot persist indefinitely without harming the U.S. interest in long-term economic and political progress in the Third World.

VII

In the long run the total amount of American aid must be addressed. The United States now ranks last in official aid as a percentage of GNP among all Organization for Economic Cooperation and Development member countries. The OECD average is now twice that of the United States. Almost all other major OECD countries have expanded their aid programs in this decade, based on judgments about their economic and political interests in Third World development. The United States remains the laggard, thereby holding down the overall level of OECD development assistance.

The embarrassment of this low international ranking will not, unfortunately, be persuasive to congressional and executive branch budget-cutters in the short run. And so the question remains: In the short term, how can U.S. foreign aid programs do more with less?

First, policymakers need to recognize that there are sufficient resources in the total aid budget *even after* the Gramm-Rudman cuts to meet more adequately the economic, political and humanitarian interests of the United States in the developing countries—but not enough to underwrite both those needs and inflated military and security programs.

There are endless combinations and permutations for redistributing the current aid budget, but one example will suffice. If the FY 1988 requests for total development and security aid to Israel, Egypt, Pakistan, Central America, other high- and middle-income countries, and countries with American bases were cut by 20 percent, over $1.8 billion could be repro-

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grammed for other needs without increasing the aid budget. This would still leave Israel with $2.4 billion of U.S. aid and Egypt with $1.8 billion, hardly negligible amounts.[13] If the savings were redirected toward health and nutrition programs, expanded World Bank capital or a larger IDA, they could have a considerable impact on U.S. interests in the Third World.

Second, greater use can be made of government guarantees to stimulate private financing. Guarantees have the dual advantage of tapping private capital and reducing pressures on the federal budget. The hard-loan windows of the multilateral development banks are already funded in this manner; they borrow their funds on commercial markets with the guarantee of their member countries, particularly the United States. Only a small percentage of that capital is actually "paid in." Thus a U.S. contribution to a large capital increase for the World Bank would have very little impact on the federal budget.

Third, the United States should encourage other industrial countries to step up their support for development in the Third World. Japan and West Germany, with surplus trade accounts, are the most obvious candidates. Until recently they have been unwilling to expand greatly their assistance to the developing countries, although a number of private proposals have surfaced, and discussions under way at the time of this writing suggest new initiatives are in the offing.[14]

Finally, the availability of concessional funds, upon which the low-income countries are so dependent, must be expanded. Urgent consideration should be given to a single-instance issuance of Special Drawing Rights, which could be allocated to increase the resources of the IMF or the World Bank for use by low-income countries. Such an issuance to finance renewed growth and development in the Third World also could help stimulate U.S. exports and jobs.

Reform of U.S. foreign aid is long overdue. The current amalgam of programs no longer responds to vitally important but changed U.S. interests in the Third World. Nor does it supply funds adequate to support the development needs of recipient countries. The U.S. development program urgently needs a renewed sense of purpose and coherence that would

[13] Former Office of Management and Budget official Harry J. Shaw first proposed similar cuts in "Coping with the Foreign Aid Pinch," *The Wall Street Journal*, July 15, 1986.

[14] See, for example, "The Potential of the Japanese Surplus for World Economic Development," report of a study group of the World Institute for Development Economics Research (WIDER), Helsinki, of the United Nations University, Tokyo, Apr. 18, 1986.

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encourage it to meet U.S. interests in the middle-income countries—the locus of American economic interests—and in the poorer countries (which currently are primarily of humanitarian concern).

Until now tough choices have been avoided by expanding the overall aid budget. The current budget crisis provides an opportunity and a catalyst for a major overhaul of the aid program. Policymakers in Congress and the executive branch will need to use scarce resources to stimulate trade and capital flows to those countries which should no longer receive concessional resources, reallocate resources from security to economic programs, decide how to use existing funds more effectively, and identify ways to support development that do not draw heavily on the federal budget. A refocused program, concentrating on global growth (and thus contributing to expanded exports and stepped-up investment) and on the alleviation of poverty and the promotion of social equity, has the potential for attracting support from both those interested in doing well and those interested in doing good.

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William H. Gleysteen, Jr.
Alan D. Romberg

KOREA: ASIAN PARADOX

Americans are beginning to appreciate the reality of the Republic of Korea's rapid emergence as one of East Asia's most dynamic powers. The R.O.K. has a new image, symbolized by the export of Hyundai cars and the scheduling of the 1988 Summer Olympics in Seoul. South Koreans are finally beginning to earn some of the international respect they feel they deserve for their impressive economic and social accomplishments.

This new image is nevertheless shadowed by anxiety over South Korea's political stability—anxiety generated by the turmoil following President Park Chung Hee's assassination eight years ago and now focused on the leadership transition scheduled for next February in an atmosphere of radical student demonstrations, government repression and seemingly endless political confrontation. Foreign understanding of the situation is confused, moreover, by contrary analyses. One interpretation, quite pervasive in the American media, tends to portray the Korean people as seething under repression in a country variously described as a "smoking volcano" or a "ticking time bomb." An opposite view, common among supporters of the R.O.K. government, is that the situation is under control, and the society is liberalizing at a pace which, while deliberate, is the only way the Korean political structure can evolve, given its lack of democratic tradition and the danger posed by the Democratic People's Republic of Korea (D.P.R.K.) in the north.

There is something right and something wrong about both of these interpretations, and it is not easy to strike a balance between them. One may dismiss the "ticking time bomb" analogy as too alarmist; South Korea is not on the eve of revolution. But one must ask whether the government's de-

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fenders take adequate account of recent changes in Korean society, particularly the rapid growth of a middle class that wants not only stability but also greater freedom. Indeed, South Korea seems to have reached a point of maturity where continued political stability requires discernible progress toward a more democratic, less repressive political system.

To a considerable extent American attitudes, behavior and policy have not kept pace with the growth of South Korea's power. They still reflect their origins in an era when Korea was weak and undeveloped. Yet the R.O.K. is already at the point where it could achieve military superiority on the Korean peninsula if it wished to do so, and its economic drive has distinguished it as a foremost exemplar of rapid development. But Americans have not absorbed these changes in South Korea's strength and its new sense of self-importance, changes that will necessarily affect the U.S. role and position in Korea.

II

The immediate issue is South Korea's intense political confrontation. It stems from a zero-sum contest for power in a highly centralized state with neither a tradition of power-sharing through local autonomy or a system of checks and balances, nor tested institutions for a peaceful transfer of leadership. Opposition forces, particularly those dominated by Kim Dae Jung and Kim Young Sam, are desperate to change the rules that have effectively shut them out of power since the establishment of the republic in August 1948. The government and the ruling Democratic Justice Party, while eager to improve their popular standing, are equally determined to arrange a succession that leaves them in office.

An overwhelming majority of people hope the contest will be peaceful and will break the pattern in which the Korean army forcefully intervened during the past two transitions, leaders from the military ruled the country for 26 years, and the military retained critically important influence over key political issues. Many South Koreans are distressed by the periodic attempts of the hard-line opposition to challenge the government on the streets by flexing the muscles of its popular support—in some cases losing control of the process to students and dissidents who resort to violence. They feel the government, in turn, has been heavy-handed, using every available occasion to underscore its determination to deter and control these public pressures through massive police power.

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The present government's record is a paradoxical blend of competent rule and transparent unpopularity. Although there is reason to question whether the opposition is inherently more democratic than the current rulers, there is no question about the essentially authoritarian character of President Chun Doo Hwan's government, generally seen by Koreans as self-appointed through an army coup, besmirched by the bloody 1980 Kwangju incident (where 200 or more died), hobbling all potential opposition forces with a web of repressive measures, and disappointing those who had hoped it would be above corruption. At the same time, even bitter critics privately acknowledge that the government is administratively competent, that the country is prospering, that the society is marked by a high degree of economic and social mobility as well as considerable equity in the distribution of wealth, and that there has been a noticeable, if limited, expansion of press and political freedoms over the past two years.

A government with this record would be the envy of less-developed societies. Most Koreans, however, feel the Chun government lacks legitimacy because of its origins, and large numbers oppose it because of its conduct. Seeing no peaceful alternative and not wanting to risk the costs of chaos, they have tolerated the regime since 1981. Nevertheless, in the context of an impending transition, most Koreans now want a more democratic government less beholden to the army.

The current focus is the upcoming national election. Convinced it could never win power under the current procedure of indirect presidential elections, the main opposition has demanded revision of the constitution to permit direct presidential elections; they calculate that this would maximize prospects of offsetting the government's advantages as the incumbent. After long resistance Chun agreed in April 1986 to constitutional revision on the condition that a consensus be developed in the National Assembly on a new system. The government party, however, insisted that revision take the form of a parliamentary system, which it saw as the best way to ensure its continued control. Both sides refused to budge on the basic institutional issue.

Never enthusiastic about a change, Chun had earlier threatened to reverse his 1986 decision if no consensus were reached. With neither side showing any real flexibility, and in the face of heightened opposition intransigence this spring, he declared in April of this year that the February 1988 transition would

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take place under the indirect procedure of the present constitution and that any revision would have to be postponed until after the 1988 Summer Olympics.

The earlier impasse had stimulated moderates on both sides to see if a "grand compromise" might be developed in which the government and ruling party would yield on the issues of fairness and openness in return for the opposition's at least tacit acceptance of a parliamentary system. The moderates had in mind a "democratization" package involving revision of election laws and permitting greater local autonomy, as well as press and political freedoms designed to give the opposition more equitable conditions to challenge the government.

Some of the concessions demanded by the opposition, particularly the restoration of all political rights to the army's bête noir, Kim Dae Jung, are inherently difficult, if not impossible. Nevertheless, important elements of the ruling party have favored substantial concessions, not only as timely for the R.O.K.'s political development but also as advantageous in dividing opposition forces. Others, feeling the government has the upper hand, have urged a hard line. In announcing the postponement of the constitutional debate, Chun indicated his intention to adopt a number of the "democratization" measures. It is not clear how far the government will eventually go, but its tactics through late spring were not encouraging.

The ultimate position of the oppositionists is also unclear. Talk of compromise has exposed deep cleavages among them. Many rank-and-file members who were privately attracted to the original suggestion of a "grand compromise" remain interested. But the two Kims have consistently opposed any accommodation on the grounds that it would perpetuate government rule and, many would add, frustrate their personal leadership ambitions. In any event, the Kims have tried to silence the compromisers.

III

The current confrontation is heavily burdened by history. The South Korean army has been directly involved in politics since 1961, when General Park Chung Hee and other politically oriented officers mobilized their cohorts and rationalized their military takeover as necessary for internal order and defense against the North. Neither Park then, nor Chun later, ruled for any length of time through a military junta. But military power was and is the key to their taking—and sustain-

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ing—control. Moreover, their colleagues, freshly retired from the service, came to hold central positions in economic and political life.

Park established civilian government in 1963, but he exercised control through a rigid regime centered on a strong security apparatus under the Korean Central Intelligence Agency, the army and a tightly controlled party; after 1972 an authoritarian constitution gave the president virtual carte blanche to do as he pleased. When Chun took power in 1979–80, he, too, did so through army force, moving even more quickly than Park to establish a civilian regime. And, in contrast to Park, who displayed no tendency toward anything but a lifetime tenure (and got his wish), Chun early on set a goal of a one-term presidency, a goal that was written into his new constitution. Many Koreans still harbor doubts about Chun's intentions, but even many opposition politicians think he will honor his pledge to step down from office next year and do not really believe he can hold substantial power behind the scenes for long after that.

While successive regimes have played up the threat from the North for domestic purposes, a very large majority of South Koreans take that threat seriously and oppose weakening the R.O.K.'s defense capability. Even so, growing numbers, including in the military itself, feel that the army's political role is anachronistic. With varying degrees of unhappiness, many Koreans recognize as a fact of life that the military will not disappear and will limit choices in 1988. Specifically, an ex-army officer is virtually certain to be the government party candidate to succeed Chun, uncontrollable street violence will not be tolerated, and Kim Dae Jung will not be allowed to become the national leader.

Privately most politicians across the spectrum understand these realities, and they designed various formulations to overcome the political impasse with them in mind. But there is an increasingly articulated belief that it will be essential to South Korea's continued economic dynamism and social stability—not to mention the legitimacy of the government—that the army refrain from another forceful imposition of leadership and that the civilianization of R.O.K. politics continue.

Fortunately, racial and cultural differences do not complicate politics in South Korea, and no ideological gulf divides rulers and opposition. People on both sides have a stake in the defense of the country and in sustaining its rapid modernization. But

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these favorable conditions are usually obscured by the deep-seated mutual distrust that permeates South Korean politics. Park and the army launched their coup convinced that the opposition, briefly in power, lacked the competence to rule. Today, when the people are so much better educated and the bureaucracy is among the world's best, one finds less arrogance in military circles about the uniqueness of their qualities to guide the nation.

Yet virtually all military and security officials, justifiably or not, seem convinced that if Kim Dae Jung were in charge he would cut back the R.O.K.'s defense capacity and adopt soft policies toward North Korea. If they have a more benign view of Kim Young Sam and the newer crop of opposition leaders, they still question their competence and, should they come to power, their ability to prevent vengeful retaliation by radical elements against Chun Doo Hwan and others.

The opposition's distrust of the regime is, if anything, even more intense. Many years of frustrated struggle have fostered extremism in their posture. Thus, although it is largely made up of moderates, the opposition has tended to cater to the hard line advocated by Kim Dae Jung and has failed to break cleanly with radical students, who alienate the growing moderate center.

Mutual distrust is magnified by the combative and uncompromising quality of Korean political behavior as well as by the almost total centralization of the political structure. Compromise connotes weakness among a people renowned for admiring strength and boldness and for seeing right and wrong in stark terms. There are still no elected local governments in South Korea in which oppositionists, ruling party and government might learn to work with each other. And regionalism, which cuts across party lines, frequently has an intensifying effect as well. Much of the fervor in Kim Dae Jung's support in Kwangju and the surrounding Cholla provinces reflects the bitterness of people in southwest Korea who feel, with considerable justification, that they have been disadvantaged by the rest of the nation for many centuries.

Partly as a result of long confrontation, there is a peculiarly static quality in South Korean politics that contrasts with the dynamism found elsewhere in the society. The main protagonists of the opposition have remained in place since the battles of the 1960s and their ambition still governs much of opposition behavior. Although the government has new leaders, they

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still come from the same mold. Thus, in what is largely a struggle between "ins" and "outs," rather than a competition between vastly different visions for Korea, the political agenda remains bogged down in a dispute over the institutions for exercise of power.

Whether cause or effect, these problems of past history and national character harden the present confrontation. Quite possibly they would have generated turmoil of sufficient force to tear at the basic fabric of the R.O.K. were it not for the real, if no longer imminent, threat of interference or even military attack from North Korea and for the concern of most South Koreans to preserve the accomplishments of national development. The force of this preserving instinct is sometimes discounted by foreign observers unfamiliar with the importance of security and economic well-being in the Korean order of values. But it is fairly certain that it played a critical role in stabilizing events in 1980–81 in the wake of Kwangju. In current circumstances, it has been reinforced by an almost universal desire in South Korea that the 1988 Summer Olympics take place smoothly and bring the international recognition Koreans want so much.

IV

The Chun government seems genuinely to believe that it can maintain order during the coming months. The odds are that it can do so without resort to martial law by using its vast police power (largely in a deterrent role) and counting on the people's fear of unruly behavior. Some developments, all possible but none likely, could generate enough disorder to require a declaration of martial law and disruption of the Seoul Olympics. Conceivably, President Chun might renege on his promise to step down (even though he reiterated it in his April declaration). Yet another group of politically ambitious young officers might attempt a coup, or the government might commit some egregiously repressive act that would increase popular support for normally isolated student protesters.

The domestic and international costs of such events would be severe—disaster for South Korea's political institutions, risk of real confrontation between the military and the populace, potential disruption of economic growth, and humiliating embarrassment for South Korea internationally. Widespread Korean awareness of these hazards gives reason to hope that the transition will, in fact, be peaceful. If it is, regardless of the

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specific political solution, this apparently minimum accomplishment may appear after the fact to have been a watershed in R.O.K. politics.

But South Koreans want more than the mere maintenance of public order. Much will depend on how both sides conduct themselves. Even if the president continues to insist on an indirect election, significant election reforms and liberalization measures could generate enough positive popular support that the government could carry on with a reasonable degree of normalcy. In such circumstances hard-line resistance, including street demonstrations, would not be very successful in rousing popular protest. It might open the opposition to considerable blame for stymieing progress and could even provoke a backlash against the opposition forces.

If, on the other hand, the government enforces its position using strong-arm methods, thereby dampening all hopes of liberalization, the successor regime will be burdened with the same critical question of legitimacy among large segments of the Korean population. The political structure would not disintegrate, but radical elements would find more public support, setting into motion once again a cycle of protest and repression with discomforting consequences for Americans as well as Koreans.

Although the outcome of these domestic Korean events is largely beyond American control, U.S. interests will be importantly affected. The United States has been entangled in South Korea's domestic politics since the end of World War II—initially as the occupying power trying to facilitate the emergence of a representative regime, later as a protector and activist provider of massive aid, and in recent years as an ally more respectful of R.O.K. sovereignty but still prone to offer advice.

This American involvement has grown out of concern for political stability as a requisite for an effective security relationship. Throughout, even during the occupation period, Americans have been frustrated by the marginal nature of their influence as Koreans have, for the most part, made their own sovereign decisions. Despite a drumbeat of criticism from those who appreciate neither the nationalist sensibilities of the Koreans nor the inherent limits of foreign influence, all American administrations have wisely refrained from trying to apply leverage through major sanctions that would endanger U.S. security and economic interests as well as embitter the Korean

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people. Nonetheless, successive South Korean governments have generally resented American advice as interference, while oppositionists, although disappointed with American restraint, have been generally receptive.

Many Koreans credit the U.S. government—both the Reagan Administration and Congress—with exercising a moderating influence on the Chun government. There is, nevertheless, a pervasive feeling that Washington is partly responsible for the government's existence—because the United States failed to prevent the coup that eventually brought Chun to power, because the United States not only worked with his government but went out of its way to bless it through summit meetings, and (utterly wrong but perniciously propagated by student radicals, dissidents and North Korean propagandists) because of alleged U.S. involvement in the Kwangju incident. In fact, after trying unsuccessfully to sustain civilian control and democratic progress in 1980, the Carter Administration, and later the Reagan Administration, found they had no choice but to work with the Chun government. In the process they were able to ameliorate problems to some extent, including extracting Kim Dae Jung from under the threat of a death sentence. Still, these perceptions of American behavior necessarily complicate the present confrontation in South Korea and contribute to a growing mood of anti-Americanism in some circles.

V

Despite the political confrontation, the performance of the South Korean economy has been extraordinary. Koreans had a per capita GNP of under $100 in 1960, but they prosper at $2,300 today. The 12.5-percent growth of the economy in 1986 and South Korea's standing as America's seventh-largest trading partner are but the latest manifestations of a remarkable success story.

But problems remain. There has been heavy reliance on large-scale enterprises. While this concentration is characteristically Korean and has had a number of economic benefits, it has generated growing resentment over income disparities, and a concerted effort is being made—without much success so far—to strengthen small and medium-sized firms. Although it has managed its debt very well, and has even begun to cut back short-term obligations, the R.O.K. has the fourth-largest external debt (around $45 billion) among less-developed countries,

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and, perhaps more for political than economic reasons, there is pressure to reduce it further. The R.O.K. has committed itself to export-led growth, and officials confidently profess that they have "done their homework," and that, whatever world growth patterns, South Korea will prosper. Given rising competition, however, and the increasingly testy mood in the United States on trade issues, the fact that over 40 percent of South Korea's exports go to the United States creates some real vulnerabilities. With a growing trade surplus with the United States ($7.6 billion in 1986 and projections of as much as $10 billion in 1987), trouble is brewing. Accelerating the pace of liberalization of the economy will be a minimum requirement for economic peace.

Most specific trade issues have been resolved, but others will inevitably arise as the U.S.-R.O.K. economic relationship deepens. While there are still questions regarding implementation of some agreements already reached, generally speaking Seoul has a reputation for tough bargaining at the table but faithful execution once a deal is cut. South Korea still has relatively high tariffs and many other protectionist barriers, and some adjustment of the dollar-won exchange rate as well as further market opening are justified from an economic perspective. Politically, moreover, Seoul must face the fact that, fair or not, it is caught up in the souring mood over trade in the U.S. Congress. While the problems with Korea may not be as great as those with Japan, the R.O.K. does not have the compensatory advantage of being America's most important ally in Asia. Although committed to defending the South against aggression, many Americans draw a clear line between that pledge and a growing inclination to nip any trade or other economic problem in the bud, even through drastic action if necessary.

At the same time the United States must keep in mind that South Korea is still a developing country, that it has a major external debt to service, that 1986 saw the first R.O.K. current-account surplus since 1977 and its first trade surplus in modern times, and that, bureaucratic rigidities notwithstanding, Koreans have no inherent biases against imports. For most of the last decade, moreover, the United States has enjoyed a favorable bilateral trade balance with South Korea. Perhaps most fundamentally, adjusting the exchange rate may reduce immediate political pressures on Korea, but viewed from an overall U.S. trade perspective, without a reduction of capital flows into the United States (stemming primarily from the U.S.

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budget deficit and inadequate domestic savings), the principal effect will simply be to shift the U.S. trade deficit from Korea to other countries.

At certain times pressure from Washington will be necessary to get action from the Koreans, who usually respond sensibly when convinced the message is serious. But such pressure should be limited and focused to avoid stirring antagonism among Koreans, who frequently see themselves as thoughtlessly treated by self-preoccupied Americans.

VI

The U.S.-R.O.K. military relationship should be reviewed and revised to ensure that America's policies and posture accommodate South Korea's new strength and national pride. One of the most critical aspects of the relationship is a military command structure that still reflects Korean War conditions. Partly because of the overwhelming dominance of American forces during the war, the U.S. (and simultaneously U.N.) commander was given operational command of South Korean forces. And, because President Syngman Rhee refused to sign, the U.S. commander became solely responsible for U.S.-R.O.K. enforcement of the 1953 armistice agreement. In one or another of the seven hats he wears, the senior U.S. military commander in Korea is in charge of almost all South Korean as well as American forces in wartime, and most of them in peacetime as well. (Except in case of a cross-border emergency he has no effective control over R.O.K. troops used in domestic situations.) These command arrangements have probably been a more painful reminder to South Koreans of their dependence on the United States than the physical presence of American soldiers on South Korean soil. Moreover, while this subordination has been accepted over the years with a remarkable degree of grace—both by the South Korean military and the general populace—in current circumstances it is beginning to grate on nationalist sensibilities.

Whether or not U.S. forces will be allowed to come under the command of Korean officers (and there are differing views on this in both Seoul and Washington), the current American dominance of command responsibility over South Korean forces will not be possible for much longer. The U.N. Command will probably have to remain in place until the armistice agreement is replaced by a more permanent arrangement; there is no effective substitute. And the commander-in-chief of

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the U.S.-R.O.K. Combined Forces Command will probably have to remain an American. But revision to permit real and perceived South Korean command over its own ground forces, at least in peacetime, will be required if rising Korean nationalism is not to erode military cooperation.

There is less urgency to making quantitative changes in the U.S. military presence in Korea. As R.O.K. military capability grows—with the potential to reach war-fighting parity with the North in the next few years—it will be natural to consider some reconfiguration of the 40,000 American forces in Korea, three-fourths of whom are ground forces. The need for so many troops may shrink. Before any decisions are made, however, the United States will have to take account of factors not specifically relating to Korea, such as the impact on the U.S. federal budget and availability of alternative basing areas for troops removed. It will be essential that any reconfiguration of the U.S. presence be discussed thoroughly with the South Koreans and preserve—and be perceived as preserving—the linkages and tripwire functions, as well as uniquely American capabilities (e.g., certain types of air power). The United States will have to ensure that no misleading signals about unwavering U.S. commitments are conveyed to any player—North, South or beyond the peninsula.

Soviet deployments in the region and supplies to the North will be factors in any U.S. decisions about deployments. In fact concern about expanding Soviet power may stimulate opposite thoughts of an increase in U.S. deployments to base strategic weapons systems in Korea. Some South Korean military officers in the past have been receptive to such thinking presumably because they hope for spin-off of military benefits and appearance of greater U.S. defense commitment. Any significant move to expand the U.S. role would, however, risk serious changes in the Korean security and political environment. It might erode the restraint the Soviets have displayed toward building up North Korean forces; it would complicate efforts to achieve a less hostile coexistence of the R.O.K. and D.P.R.K.; and it might risk Soviet counterdeployments in the Soviet Far East and even in North Korea, with military and political implications for China and Japan as well as the United States.

On balance, all of the factors seem to point toward an eventual reduction in American ground forces, and the parallel need to resist firmly any temptation to use Korea for strategic deployments.

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VII

The disposition of American forces will obviously be affected by North-South Korean relations. The fundamental reality of these relations is still the hostility of the two regimes, each facing the other with very large forces in a narrow band of the Korean peninsula just 25 miles north of Seoul, where a quarter of South Korea's population lives. The South has been grappling—cautiously and inflexibly at first but more boldly in recent years—toward lowered tension and peaceful coexistence with the North. Occasionally D.P.R.K. behavior suggests that at least some elements of its leadership favor adjustments to ease the strains of an enormous military burden (20–25 percent of GNP versus Seoul's 5–6 percent) and to accommodate to the growth in the R.O.K.'s strength as well as realignments in great power relations in Northeast Asia. But so far adjustment to these new realities has been minimal, erratic and interspersed with periods of hostility and violence such as the assassination attempt against Chun Doo Hwan during a visit to Burma in the fall of 1983 which left 17 South Koreans dead, including four cabinet ministers.

After a sporadic dialogue in 1984–85, Pyongyang canceled discussions between Red Cross, economic and parliamentary delegations set for early 1986. The ostensible reason was a protest over a U.S.-R.O.K. military exercise, though in reality the North saw a chance to fish in the South's troubled political waters. Beginning in late 1986, North Korea proposed a variety of talks, first between defense officials from North and South Korea and the United States, and later between "high-level" officials from the North and South. There was a subsequent exchange of counterproposals and counter-counterproposals, which was brought to a halt, at least temporarily, by North Korea in late April, with each side blaming the other for the breakdown.

Of greater medium-term consequence are the talks on the 1988 Olympics. The International Olympic Committee awarded the summer games to Seoul alone. Pyongyang has launched a campaign to co-host the games on an equal basis and to generate a boycott if it fails in this effort. The IOC and South Korea have offered the North four events, but there seems no prospect that formal co-hosting will occur, and little prospect of a successful boycott. If the North can find a way out of the corner in which it has placed itself, it is possible, and

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even likely, that it can get more games sited in Pyongyang. A compromise solution would decrease the chances of D.P.R.K. troublemaking and could spur North-South accommodation on a much broader plane. But considering the background of the highly successful Asian Games in Seoul in late 1986, even without the D.P.R.K.'s acquiescence and assuming no breakdown of social order in the South, Seoul seems well positioned to carry off the Olympics without major disruption and to emerge with its international prestige enhanced. Thus, South Korea will be a winner in any case, while the North, perhaps for internal reasons, could end up underscoring its isolation through continued inflexibility.

Indeed, North Korea is one of the most isolated and secretive societies in the world. It is difficult to fathom Pyongyang's motives and objectives. With an apparently mediocre economic performance in recent years (per capita GNP is estimated at around $900 and growing at 2–4 percent) and a leadership succession on the horizon that is likely to be contentious, Kim Il Sung may be inclined to reduce tensions on the peninsula and to engage with the rest of the world. Confident of their own performance, South Korean officials make clear they would welcome this, but they remain skeptical. They will continue to press for step-by-step relations with the North, resisting the grandiose but inherently unworkable reunification schemes that are the staple of North Korean proposals.

The United States has strongly supported the South's pragmatic approach to North-South Korean dialogue and has shared Seoul's doubts about Pyongyang's true intentions. But in an effort to test every possibility, Washington recently instructed American diplomats that it was permissible to engage in substantive conversation with North Koreans in informal or social settings, and it indirectly conveyed to Pyongyang its hope that this would contribute to a North Korean decision to participate in the upcoming Olympics and resume the North-South dialogue. If that were to happen, Washington has signaled its intention to take further steps, including at least limited American trade with the North and possibly welcoming unofficial North Korean visitors (e.g., academics) to the United States.

This modest initiative bespeaks an American hope that movement can be generated toward a greater stability on the peninsula. Underlying the American position is a belief that both China and the Soviet Union share this objective, even while

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they contest with each other for influence in Pyongyang. Moscow's warming relations with North Korea over the past two years—as evidenced by the supply of MiG-23 aircraft and SA-3 missiles to Pyongyang, the commencement of Soviet reconnaissance flights over the D.P.R.K. directed against the United States, Japan and China, and a modest level of military exchange visits and joint exercises—have been irksome to Seoul, Beijing and others, but they have not changed the basic military balance or measurably raised the risk of war.

Pyongyang has for years blamed North-South Korean tensions on the U.S. military presence and the high level of U.S.-R.O.K. military exercises. Particularly sharp rhetoric has been directed at the annual "Team Spirit" military exercise, the largest annual exercise in the world. Conducted for the past ten years, in 1987 Team Spirit involved over 200,000 South Korean and American forces and lasted for about three months. Whether of genuine concern to North Korea or not, it at least provides a pretext for Pyongyang's noncooperation, and it is frequently cited by the Chinese as an irritant that only enhances Moscow's leverage.

The United States may be forced for purely budgetary reasons to cut back on the scope of the Team Spirit exercise in future years. But, particularly in light of Pyongyang's announced stand-down from major field exercises since early 1986, the United States should seize the initiative to reduce—in meaningful measure—both the scale and duration of the exercise. This need not harm South Korean readiness or U.S.-R.O.K. collaboration and it could signal American willingness to engage in further reciprocal steps. In any case, it would put the ball back in the North Korean court.

Beyond these rather limited measures, the United States should press the R.O.K. government to develop joint positions on long-term mutual and balanced force reductions to be negotiated with North Korea as well as the conditions under which they could be discussed with Pyongyang. Actual movement in this arena seems most unlikely for some time, even if there is considerable change in North Korea's behavior. Major changes would be unwise in the absence of an overall peace settlement—a prospect for the distant future, at best. But as South Korean forces reach rough equivalence to those of the North, the time has come to develop proposals for reductions that would preserve the relative military balance on the peninsula. These would help deflect potential domestic criticism

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in South Korea over defense spending, offer a way to reduce tensions and the risks of war, and take the initiative away from the D.P.R.K., where it has long resided.

VIII

American stakes in Korea are substantial and growing. The first is security in Asia. The interests of the United States, Japan, China and the Soviet Union are importantly engaged on the peninsula. Although their political purposes differ, all four countries seem to share similar concerns to avoid the danger of war or threatening changes in the regional balance of power. Nevertheless, not all Americans agree about Korea's importance, and many have an ambivalent view of the situation, seeing the Seoul regime as unattractive and U.S. involvement as risky and of questionable strategic value. Manifestation of this ambivalence contributed to communist miscalculations in attacking South Korea in 1950 and played some role in President Carter's abortive effort to withdraw all U.S. ground forces from Korea in the late 1970s. But despite continuing unease, since this latter episode a minimum American consensus seems to have developed.

That consensus rests on a general agreement that the U.S. military relationship with South Korea contributes importantly to the regional balance of power, and that the United States could not extract itself from the security equation without heightening the risk of war on the peninsula and without far-reaching effects in Japan and the rest of East Asia. Over half of all American ground and air combat forces in the western Pacific are based in Korea under extremely attractive operational arrangements. While the mission of these forces is defense of South Korea, they are also a vital constituent of the strong U.S. presence throughout Northeast Asia, a presence that has offset growing Soviet power and undergirded our own ties with Japan, China and the R.O.K. as well as the improving relations among them.

These realities, which constrain American options, also mean that the R.O.K. cannot eliminate a continuing dependency on the United States. In these circumstances Washington needs to adjust its military ties with Seoul not only to accommodate the evolving requirements of both sides but also the new nationalism in Korea. There are several changes, particularly greater equity in command relationships and a lowering of the cur-

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rently high visibility of U.S. forces in Korea, that should be adopted in timely fashion.

The American stake in Korea goes well beyond security concerns. Once one of the largest recipients of American economic and military aid, South Korea now boasts a self-sustaining $95 billion economy. Although critically dependent on the U.S. market for its export-driven growth, its large trade with the United States (over $19 billion in 1986) has been quite balanced over the years, and its high educational level, skills, and strong work ethic make it an especially attractive partner for many American business enterprises.

A successful U.S.-Korean relationship requires a reasonable outcome to the immediate political confrontation. American objectives should be clear: (1) a peaceful transition of South Korean leadership; (2) the formation of a government enjoying greater legitimacy through fair elections and especially through the avoidance of another army coup; and, (3) progressive civilianization of the R.O.K. regime.

These objectives have been articulated publicly by the Reagan Administration in an exceptionally outspoken speech by Assistant Secretary of State Gaston Sigur on February 6 and later endorsed in Seoul by Secretary of State George Shultz. It is to be hoped that the Administration will not beat a retreat as the pressure builds, but a tougher public line would not seem warranted either. If Chun's decision on the constitution is accompanied by a new pattern of oppression, some further moves by the United States will be inevitable. How much pressure Washington should apply—and how—is a delicate judgment best left to American officials with the clearest reading of the tactical situation.

The U.S. role in this necessarily domestic Korean process has to be as limited as in the past, but the United States must lean in the direction of peaceful, democratic change. The U.S. message needs to be conveyed discreetly but firmly to two rival audiences. The United States needs to use various channels, including authoritative military ones, to warn the Korean government, army and various security services of the severe consequences that would flow from a third coup or leadership transition manipulated by military forces. America should not threaten the R.O.K. with punitive sanctions that would weaken its security or seriously hurt the Korean people. Nor should Washington toy with Pyongyang to pressure Seoul. But the United States should make clear that if another self-designated

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group forcefully seizes leadership, there will be a long chill in relations with the United States, and perhaps a severe backlash in Congress.

On the other hand, Americans must not mince words in reminding opposition elements that they will have failed their declared purpose if they resort to extremist action, precipitating army intervention and blighting the prospect of military restraint they so desperately need if they are ever to come to power.

South Korea has come a long way in a short time. The almost spectacular speed and inherent difficulties of this modernization process have brought some serious problems, often compounded by Korean impatience. But even if the going is rough at times, there can be little doubt that the R.O.K. has come out from under the shadows of its far bigger neighbors—relying heavily in the process on the United States as a relatively benign protector.

For this mutually beneficial relationship to prosper, both sides must make accommodations. Rigidity and emotionalism could be costly. Americans and Koreans will need to remember that, while nationalism is natural, it could get out of hand. Seoul should avoid stirring up feelings against "American pressure"; Washington should avoid gratuitous and counterproductive rhetorical and legislative provocations. Adaptability and reasonableness on both sides will strengthen a dynamic relationship crucial in Asia and beyond.

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Paul H. Kreisberg

GANDHI AT MIDTERM

As he approaches the end of his third year as prime minister of India, Rajiv Gandhi looks back on a very bumpy road. He has been going in the right direction, but his steering has become more erratic. The most critical and urgent problems Gandhi faced when he assumed power in October 1984 were clear: (l) to resolve the debilitating political and religious violence in the northwestern state of Punjab and in northeastern India; (2) to reform the Indian National Congress Party and make it an effective political force that would promote his national and regional programs; (3) to invigorate the national economy, enhance productivity, stimulate both the private and public sectors and control the budget; and (4) to ease tensions with India's neighboring states, particularly Pakistan and Sri Lanka. The rest of India's foreign and domestic policy interests were all subordinate to these overriding objectives.

Gandhi took office with the strong support of the Indian press and public. The Congress Party, riding on his coattails, won an overwhelming victory in national legislative elections in December 1984. His economic and social objectives were clear and constructive. His early political efforts to reconcile conflicting forces in the Punjab, Assam and Mizoram and to ease relationships with India's South Asian neighbors struck the right notes. His initial steps to free up the regulation-bound and high-tax Indian economy were cheered by domestic and foreign businessmen alike. And his first ventures into international diplomacy with the United States, the Soviet Union and Europe were marked by warmth and encouragement from all sides.

By mid-1986, however, Gandhi began to stumble in both domestic and foreign policy. The Indian press and intellectuals, always fickle, turned increasingly critical, sometimes with reason, at other times more unfairly. Despite agreements that had

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seemed momentarily to bring peace and quiet, tension in the Punjab remained serious, and religious and language disputes in Assam appeared no less intractable. The enthusiasm of some elements of the business community for the new prime minister cooled in the face of unaccustomed domestic competition induced by his reforms and aggressive government pressure on tax-evading corporate leaders. Budget deficits had been mounting each year, and fears of inflation increased.

Gandhi's image as a calm, dignified, reflective leader was marred by outbursts of temper and aberrant behavior. Senior bureaucrats were embittered over major changes in personnel policies and resentful at the prime minister's brusque treatment of them. Relations between Gandhi and Indian President Zail Singh grew increasingly strained, as did Gandhi's ties with many leaders in his own party.

By the time of the March 1987 elections in several states, the Congress Party had lost control of one third of the 18 Indian state assemblies that had been under its leadership two years earlier. The honeymoon was over for Gandhi. Indeed, it must be hard for him to remember that there ever was one.

II

Rajiv Gandhi is not a politician by instinct. Although he has dealt ruthlessly and adroitly with challenges to his personal power, virtually no Indian, friend or foe, believes that he enjoys the give and take of politics, that he likes dealing with politicians, that he has a feel for what will work and what will not, that he knows when to yield and when to be firm, when to induce and when to threaten. Nor does he have a group of dedicated and loyal advisers and friends deeply experienced in politics upon whose judgment he can rely.

Gandhi started with a small coterie of energetic, intense, seemingly able men mostly his own age, many of them old friends. Gradually they drifted away. He had a falling out with one of his closest early advisers, Arun Nehru, who apparently began to believe that he might make a better prime minister than Rajiv. Another, Arun Singh, was shifted to a sub-cabinet level position for similarly vague reasons, and his influence faded further—according to Delhi gossip—as a result of personal clashes between his wife and Sonia Gandhi, Rajiv's Italian-born spouse. Gandhi's close friendship with a third, Amitabh Bachchan, India's premier film idol and now a member of Parliament, aroused considerable private and press criticism

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and scorn for alleged influence-peddling and on the grounds that film stars may not be the best advisers on national policy. At the same time Gandhi purposefully held himself aloof from many older Congress Party politicians, arguing with verve and logic (if not political discretion) that the country and party needed new blood and fresh views.

Gandhi tried from the beginning to assert his independence, to show his determination to achieve results and reject shoddy work, and to exercise personal control over the cabinet, the bureaucracy and his party. But for many Indians his efforts have been marked by seemingly arbitrary turns and shifts in policy and personnel that raise questions about the new prime minister's judgment, or at least his patience.

He has shuffled his cabinet nearly ten times, shifted senior bureaucrats again and again, dismissed or changed top Congress Party functionaries, including vice presidents of the party (of which he is the president), as if he were operating a revolving door, fired his personal drivers and security aides, and insulated himself from most people in his party who criticize his political judgments (although he remains accessible to some businessmen who are willing to speak frankly). As Gandhi has come under stronger criticism over specific policies, he has become increasingly combative and sarcastic in Parliament. He is often witty but more commonly abrasive, and his relationships with back-benchers in his own party—including many of the younger ones he earlier tried to cultivate—are increasingly strained.

Thus Gandhi has come under criticism as much for *how* he has made cabinet changes as for *why* he has made them. The most dramatic example, coming in February 1987, only weeks before the presentation of the Indian budget for 1988, was the shift of his widely respected minister of finance, Vishwanath Pratap Singh, from the treasury to become minister of defense. Mr. Singh subsequently resigned this portfolio in April, nominally over his initiation of a complex investigation of corruption and kickbacks in defense contracts, but more probably because Gandhi was uneasy with Singh's personal stature and independent behavior in the cabinet.

The sudden and embarrassing public revelation in January 1987 that Foreign Secretary A. P. Venkateswaran was to be replaced for no apparent reason other than his forthright independence (following Gandhi's rebukes to several other senior officials only a short time before) similarly caused a

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national stir that lasted for several weeks and seriously damaged Gandhi's reputation for judgment and manners as well as weakened his position among many members of Parliament and the civil service.

To some extent Gandhi's behavior reflects personality traits—pride, vanity, arrogance, even vindictiveness—that his grandfather, mother and late younger brother Sanjay shared in full measure. In Jawaharal Nehru and Indira Gandhi, however, these were compensated for by a record of remarkable achievement over many years, the building up of political debts from many national and regional politicians and, most particularly, by a finely honed political sensitivity.

Some Indians attribute Gandhi's political problems—which the Indian press often describes as reflecting "immaturity"—to his having grown up in a privileged environment in which he rarely had to deal with ordinary Indians, certainly not with villagers. Others allege, probably unjustly, that he lacks Nehru's historical awareness or his mother's more visceral feel for the importance of religion in Indian life and that this explains some of his difficulty in dealing with Sikh nationalism, the slowly growing influence of nationalistic Hinduism (and consequent Muslim resentment) and the forces of regionalism, which have always been present but appear once again to be on the rise in India. Still others look more sympathetically to the psychological effect of the isolation imposed on Rajiv after the assassination of his mother and a number of other senior Indians in the last two years, as well as the nearly successful attempt on his own life in October 1986, which has forced the young prime minister and his family to live an artificial and stultifying personal and political life within a cocoon of tight security.

It is difficult not to feel some sympathy for Rajiv Gandhi when, faced with these personal and family strains on top of his formidable official responsibilities, he breaks away from the controls placed on him, loses his temper, drives rashly by himself at breakneck speeds around Delhi, and even bolts from his car—to the dismay of his security escorts—to try his hand at hang gliding at a local airfield.

Much of the sharpest criticism of Gandhi's personal behavior is limited to the big cities, and mainly those in the north. According to the polls, men are markedly more critical of the prime minister than are women. But Gandhi's actions on certain issues—Hindu-Muslim relations, the intellectual poverty

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of Congress Party leadership, and, above all, rising prices—affect all Indians. Gandhi may still have much of the appeal he and his charismatic family have always had among the masses. Congress has won most of the parliamentary by-elections since 1985, although by declining margins. But in state elections—where local issues, local politicians and local pressures are predominant—the prime minister's national image plays a much weaker role. Not only did the Congress Party perform more poorly in state elections in 1985 than in the national elections that year, but in the series of state elections in 1987 Congress Party candidates for state legislatures in Mizoram, Kerala and West Bengal failed to benefit substantially from Gandhi's vigorous campaigning. The growing concern of Congress politicians as to Gandhi's ability to help them win elections is particularly dangerous for him in pursuing his policies in the future, and potentially even for remaining in power. Haryana, a key small northern state where Gandhi has deferred elections once already for fear of defeat, will be his most critical test when elections are finally held in June 1987.

III

The major problem that Gandhi has singularly failed to solve in the last two-and-a-half years, and which he must successfully manage in the second half of his five-year term, is the revival and strengthening of the Indian National Congress Party. Solutions to India's long-term problems—accelerating economic growth and modernization, controlling population growth (at present rates India could nose out China as the world's most populous nation in another generation), averting environmental disaster from soil erosion, pollution and deforestation, providing better education, housing, health, transportation and energy supplies, and assuring Indian national security—are all fundamentally dependent on political stability, political support and political mobilization.

Traditionally the Congress Party was a movement rather than a real political party. Its strength came from its role as the organizer and mobilizing force behind Indian independence from British rule. After independence, pieces continually broke away from the movement to form separate parties, some based on ideological and policy differences, others centered around caste or factional leaders who could no longer work with Nehru, Indira Gandhi or, more recently, Rajiv. As this happened the party increasingly became identified with the

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personality of its leader. The dominant branch of the party is Congress-I (Indira), but a number of other variants have come and gone.

Congress-I's platform is a mishmash of appeals to every theme and doctrine that has had an attraction for one or another of the party's factions. Congress-I has lost much of its original proud appeal as the party of the poor and downtrodden and has become for many a symbol of corruption, special interests and, above all, patronage. It has gradually become less effective at the state level as new local political parties have taken shape that promise to serve specific regional objectives under the banner of local cultural, linguistic, ethnic or economic interests. Politicians and politics of all stripes are granted less respect by most Indians.

Much of this decay was a result of Indira Gandhi's own successful effort to hold onto power within the Congress Party during her 18 years as prime minister. No internal party elections have been held to select local committees and leaders since the early 1970s. This enabled first Indira and now Rajiv to be the sole formal dispensers of power within the party. But it has also progressively weakened the ability of the party apparatus to rally new supporters, to act as a mobilizing force to help popularize and implement new policies and as a channel of reliable information upward about grass-roots concerns, and to resist the gradual attrition of Congress power and influence at the state level.

Early in his administration Gandhi seemed to acknowledge all this. He announced plans to hold early intraparty elections, to bring in tens of thousands of new members from the young educated elements in society, and to march the party into the 21st century. When he addressed thousands of party veterans at the 100th anniversary of the party in Bombay in December 1985 he strongly and accurately criticized the Congress for what it had become and called for it to be born again—fresh, invigorated and honest. Most of the stilled and generally sullen older party leaders and hangers-on present clearly understood what he was saying, but it was their careers, power bases and practices that he was condemning. Small wonder most were indignant at his criticism and at his decision to speak out on that occasion. A senior party member compared it privately with "sneering at the bride's beauty and the bridegroom's prospects while presiding at their wedding."

The enormous disarray of party records, allegedly including

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hundreds of thousands of names of bogus party members, forced Gandhi in mid-1986 to cancel party elections; high party leaders privately say the elections may now be held in 1988 but certainly before the next national elections, due by the end of 1989. By then, they say, Congress must be turned into a genuine political party even if some members again split away. Younger, more educated party leaders will be sent to the states to organize this new Congress, and thousands of young teachers, engineers, lawyers, businessmen and educated farmers will be recruited as new members.

Cynicism about the prospects for this strategy is deep and widespread. Indeed, little had been accomplished by May 1987. The grass-roots political power of older leaders remains strong both for cultural and caste reasons and because of the economic influence of the groups they represent and the personal patronage they have wielded for years. The process of reform is more likely to alienate party members than it is to attract a "new breed" for the future. As one sharp-eyed member of Parliament observed early in 1987, "When you walk by the national headquarters of the Congress Party [in New Delhi] and see no cars or people waiting to see party officials you *know how much influence the central organization has*!"

The key issue is that, in order to reform the Congress Party, Gandhi must be prepared to risk losing control. In 1969 his mother understood this, accepted the creation of rival factions and emerged triumphant in her faction, which became dominant. Rajiv's critics complain that he has been willing to take the wrong kinds of risks with the party, including Congress defeats (or coalitions with Congress in a minority) in state elections in the interest of local peace and reconciliation. But these risks, while possibly worth taking in the national interest, nevertheless weaken his ability to rally his own supporters behind him in a future, larger struggle for control of the national party.

Still, Gandhi has the satisfaction so far of seeing virtually no national figures capable of mounting a successful challenge to his position. Within the Congress Party there are many members of Parliament who might rally behind a plausible alternative, but no one stands out with the national reputation, energy, broad political support and ambition to rival Gandhi. The opposition is effective at local levels; nevertheless, only one state leader, Ramakrishna Hegde, the Janata Party's chief minister in the southern state of Karnataka, has a national

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reputation for integrity, intelligence, personal charm and political shrewdness. Hegde's prospects of bounding from Bangalore to New Delhi are slim, however, unless a dramatic anti-Congress wave rises before the next parliamentary elections.

IV

Violence has been a companion of politics in India since independence, and it has not eased in the two-and-a-half years of Gandhi's tenure. Violence in the Punjab has centered on Sikh demands for greater autonomy or even independence. Violence in the eastern state of Assam continues over the desire of Assamese-speaking Hindus to expel or disenfranchise Bengali-speaking migrants. Violence between young Tamils in Sri Lanka demanding a separate state and the majority Sinhalese population and government continues to poison relations between the two countries and threatens political unrest in the south Indian state of Tamil Nadu. Another less conspicuous problem, now resolved, was the violent, drawn-out struggle by Mizo tribesmen in the former territory of Mizoram for national autonomy.

Gandhi's performance in each of these areas is the subject of considerable debate inside India, but he clearly has done better than many thought possible. Unlike Indira, who was instinctively tough and even brutal, Rajiv has looked for accommodation and reconciliation. Nevertheless he has not yet shown the political skill to turn his achievements to full political account.

Mizoram. In this mountainous eastern region, Gandhi offered amnesty and participation in a Congress-supported coalition to a band of hardy tribal guerrillas, who had been fighting for years, in exchange for their willingness to accept the results of a democratic election. Apparently at Gandhi's insistence, the February 1987 election was both peaceful and honest. But Congress lost; the former guerrilla leader, Laldenga, backed by his own local party, is now ensconced as chief minister of the newly formed state of Mizoram.

Assam. The same approach seemed to succeed in Assam. Through quiet and steady negotiations in 1985, Gandhi's government worked out an agreement that appeared to satisfy the minimum requirements of both Assamese and Bengalis in the state. A new election was held in which the Congress Party was also defeated. A new state government, consisting mainly of

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20- to 30-year-old student leaders of an Assamese regional party, assumed power in early 1986.

Nationwide and within the Congress Party there were nevertheless misgivings about this result. Vested Congress interests were more deeply entrenched and valuable in Assam than in Mizoram; the election produced a flight by the traditionally pro-Congress Muslims away from the Congress Party to a new minority-oriented local party. Furthermore, many Indians were genuinely uneasy about the legality, or at least the ethics, of an agreement that accepted the disenfranchisement for ten years of persons who could not prove they had been in Assam before 1969.

In the year it has been in power, furthermore, the new state government has been incompetent and corrupt in dealing with economic problems. It has also winked at the resort to violence over ethnic and communal disputes. Gandhi may have bought a limited peace and some relief from earlier high levels of conflict, but the underlying cultural and linguistic tensions in Assam remain unresolved.

The Tamils in Sri Lanka. How to cool nationalist fervor in Tamil Nadu, avert a successful separatist struggle in Sri Lanka that might set a precedent for similar movements inside India itself, and avoid regional tensions that could engage outside powers are the central challenges Gandhi has faced in handling the Sinhalese-Tamil conflict. Gandhi early on reassured Sri Lanka that India would not use force against the island republic. He moved carefully but steadily to close down most of the training camps for Sri Lankan Tamil guerrillas that Mrs. Gandhi had permitted to operate. He deployed a stream of emissaries to talk with all parties and held a series of high-level meetings with Sri Lankan leaders in India and Bhutan, as well as with representatives of the Tamil insurgents.

All this has eased but not solved the problems Gandhi inherited two-and-a-half years ago. New and increasingly deadly outbreaks of violence and terrorism occur almost every month. But Gandhi deserves credit for keeping this dangerous political problem within bounds thus far in south India and for not succumbing to political pressures either to abandon his mediating efforts or to intensify pressure on Sri Lanka, even though violence inside Sri Lanka has increased in 1987.

The Sikhs in the Punjab. The most explosive political problem in India was and remains the Sikh political and religious protest in the Punjab. Gandhi's approach to the Punjab crisis closely

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resembles his efforts to cope with other regional and communal issues—looking for an individual or group with whom he might negotiate a settlement, avoiding the use of excessive force, and looking to compromise and the democratic process to bring about gradually communal and political harmony. He found a Sikh leader willing to risk this course in the late Harchand Singh Longowal, the Akali Dal party chief whom many radicals and moderates seemed willing to support, and with whom a complex agreement was concluded in July 1985. The agreement conceded a number of Sikh demands in exchange for the promise of civil peace and the restoration of order.

Indian political commentators and politicians continue to argue bitterly over whether the agreement was ever viable. Longowal was promptly threatened with death by the ultra-hardliners in the Sikh movement for having sold out, and was assassinated within a month. Gandhi has been unable to implement some key provisions of the accord—transfer of the city of Chandigarh to Punjab control, release of all Sikh prisoners, and readjustment of the Punjab border and of water flows. He did, however, hold fast to one of his commitments—to hold local elections—despite strong criticism from his own party and political opponents who wanted him to continue to govern the state from New Delhi until violence and disorder could be ended. Gandhi was convinced that failure to allow elections would leave the central government exposed to blame for violence and all other ills in the state, would continue to polarize Hindus, Sikhs and possibly other religious communities, might precipitate new communal violence in Delhi and elsewhere, and would represent an abandonment of efforts to restore a political process in the state.

In the elections to the state assembly held in September 1985 the moderate Sikhs won 73 out of 115 seats. But this did not bring peace: the following year witnessed a series of violent incidents, any one of which could have set the state and northern India aflame with communal violence. Hundreds were killed in individual incidents in the Punjab—including ghastly killings on buses, in shops and in the streets, a nearly successful assassination of the Punjab police chief and his wife, and the assassination in another state of the former chief of staff of the Indian army, who had authorized the 1984 raid on the Golden Temple in Amritsar.

Nevertheless, over time the balance of sentiment in the Punjab appears to have shifted toward the moderate regional

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Sikh political leaders, who are prepared to work toward accommodation with New Delhi, and away from the most radical advocates of an independent Sikh state of "Khalistan" and their terrorist supporters. The bulk of Punjabi middle-class farmers and urban residents, including many young Sikhs, seem increasingly weary of the violence and ready to support a moderate government. Nevertheless, killings have continued, and in mid-May New Delhi took over state administration from the elected government. It was probably no coincidence that a week earlier elections were announced for mid-June in the neighboring state of Haryana, where a hard-line, law-and-order policy against Sikhs has strong appeal among the Hindu farmers on whom the Congress Party's hopes for an election victory depend.

Gandhi's policy in the Punjab was designed to: (1) prevent violence from spreading to other parts of the country; (2) weaken, even if not eliminate, terrorist Sikh groups; and (3) begin to restore a political environment in which communal tensions could eventually be healed. It did not achieve all these objectives, but its direction was clear and sound. Gandhi's most recent decision to abandon the moderate Sikh administration in the Punjab may be shrewd politics, and in the short run it may enhance security in the state. But in the longer run it may also arouse a new sense of betrayal among the Sikhs and undercut his broad national strategy.

V

Communalism and regionalism are the two dark demons that continue to lurk in the corners of Indian political life. Millions were killed in the process of dividing British India between Muslim Pakistan and predominately Hindu India (although India remains firmly committed in principle to constitutional secularism), and there has hardly been a year since 1947 in which thousands have not died somewhere in India through violence that has religious or ethnic roots. Mizo, Assamese, Tamil and Sikh tensions all come from these sources, as does the remarkable growth of local parties. Rajiv Gandhi certainly understands this. In a mid-1985 interview he singled out caste, regionalism and language, along with overpopulation and economic development, as India's most serious problems.

In the last two years Muslim and Hindu workers and upper- and lower-caste Hindu students have fought repeatedly in the west Indian textile and manufacturing center of Ahmadabad

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over "turf," jobs, educational privileges and religion. Rival castes (often representing landlords and peasants) have fought pitched battles in half a dozen states. Students and workers have clashed in the western cities of Belgaum and Goa over local language use. Hindus and Muslims have bludgeoned one another to death over parade routes, seemingly inconsequential fictional references to the Prophet, and access to temples or mosques. Middle-class farmers and urban residents in nearly a dozen Indian states have fought with representatives of higher and lower castes over the allocation of quotas in high schools, colleges and government offices to which they are entitled under the Indian constitution. In some states as many as 80 percent of all such positions are reserved for lower castes, creating grave dissatisfaction among those denied these privileges.

None of this is new in India. But as the population grows and awareness of "a better life" spreads, the struggle for educational opportunity and good jobs is intensifying. Already hugely overcrowded cities like Bombay, Delhi and Calcutta continue to grow rapidly as millions of rural Indians flood into them looking for jobs. Provincial centers like Bangalore, Jaipur, Poona and Madurai, and even summer vacation towns redolent of Kipling stories like Darjeeling, Mussoorie and Simla, are becoming major urban areas, outgrowing their colonial-era infrastructures. Crime, often linked to the spread of drugs, has been increasing rapidly. Heroin and its derivatives are found in every major population center, filtered in through the Punjab and Madras by Sikh or Tamil couriers who use the proceeds to support their violent activities, and by sea through numerous purely criminal channels, which some Indians pointedly identify as usually Muslim-controlled.

Illegal drugs are as difficult to deal with in India as they are in the West. Abysmally low pay scales for police and municipal and state officials, the lure of quick gain for the unemployed youth and the accessibility of narcotics along a long, smuggler-permeable border suggest that this will be a steadily rising problem for Gandhi, and India, for years to come.

Indian national and local government officials are aware of all these problems but have done relatively little about them. Political instinct seems to be to deal with these issues one by one as they become critical. A senior Indian government economist agrees, for example, that urban blight—clearly visible to anyone who revisits India even after only a year or two away—

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should have been high on the national agenda for the Seventh Five-Year Plan, which began two years ago. Shortages of resources and other priorities forced a deferral of this problem until the next five-year plan; by then, however, finding remedies will not only be more difficult but far more costly.

Not only are these issues intractable, but Gandhi's own judgment in dealing with some of them has been called into serious question. Early in 1986 he was suddenly confronted by a minor legal case involving a Muslim woman seeking alimony from her divorced Muslim husband. However, the basic political issue—whether Indian civil law or Muslim religious law applied—swiftly became a national *cause célèbre* that sharply divided both the Muslim and Hindu communities and raised a host of fundamental issues about the role of religion in Indian society.

Modernists on all sides (as well as Hindu nationalists who reject any special treatment for Muslims) strongly favored confirming that the civil law, requiring alimony, applied; conservative Muslims insisted traditional Islamic law applied and that the government could not tell a Muslim what to give his divorced wife. Gandhi—whose instincts were on the side of the secularists—temporized, listened to advisers who worried that Muslim support for the Congress Party might slip, and eventually supported the Islamic conservatives. Then, as a compensating gesture to conservative Hindu nationalists, a local court—probably with New Delhi's urging—suddenly opened to Hindu worship a building in a northern town that had once been a Muslim mosque but had been locked as a result of a dispute going back to 1949. A similar incident involving yet another disputed mosque/temple site was handled in a similiar fashion a few months later.

Gandhi lost on all counts as a result of these decisions: Muslim and Hindu riots and demonstrations throughout northern India erupted and have continued sporadically since; Muslims abandoned their traditional support for the Congress Party in state elections in the north, east and south anyway; a widely respected young Muslim member of his cabinet resigned in protest and began quietly working against the prime minister in Parliament and elsewhere among Muslim groups; Hindu nationalist groups became increasingly belligerent in northern and western India; and Gandhi's image as a man of principle and supporter of a modern and secular India suffered severely.

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VI

When Rajiv Gandhi asssumed power his economic priorities were to accelerate the pace of the Indian economy by encouraging the private sector, removing barriers posed by red tape and bureaucratic inertia, and reforming the leaden performance of the state-owned sector of the economy. He also promised to eliminate poverty and encourage rural development, but, while presumably sincere, these pledges were taken as rhetorical IOUs for the much longer term.

Gandhi was fortunate in having an excellent financial and economic team willing to take at least some chances. This has resulted during the last two years in some administrative reform, considerably higher industrial growth and a tightening of tax collections. India's gross national product has grown by roughly five percent over the last two years, an excellent rate by Indian standards; imports, particularly of producer goods, have risen sharply; agricultural growth has been sustained and government grain reserves have grown to 25 million tons; and Indian capital markets have taken on new vitality as businesses have sought new funds for expansion.

On the other hand, exports lagged alarmingly until late 1986. The grain surplus is an embarrassment, as New Delhi has promoted exports only hesitantly, moved slowly in looking for alternative uses for the grain, failed to build adequate storage facilities and done relatively little to distribute effectively more food grains to those in need. India's exports remain essentially the same old commodities and textiles that have made up India's trade lists for years, with the exception of precious stones and jewelry (a rapidly growing new industry apparently based in part on dealings with subsidiaries of the South African De Beers group). By late 1986 the capital markets revealed their vulnerability to speculation, and the stocks of several major corporations crashed with heavy losses to smaller investors.

Gandhi's well-known fascination with electronics and telecommunications, his bellwether for India in the 2lst century, has produced favored treatment and rapid growth in this sector. New telephone and switching equipment was ordered mostly from European and Japanese manufacturers; large contracts for computers were concluded, including several with American suppliers after prolonged and difficult struggles within the U.S. government over the risk of transferring such

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capabilities to India; and agreements were negotiated to expand research and cooperation with a number of European countries and the United States and the U.S.S.R.

But much of the growth in high-tech industry has been in assembly of costly, imported components; overexpansion produced growing numbers of bankruptcies among smaller firms early in 1987. Excess capacity in automobiles, motorcycles and scooters required serious readjustments in this sector as well and forced the government to withdraw some of its market liberalization measures. The easing of government tax rates and licensing requirements—designed to encourage private investment and business decision-making—was matched by intensified and unaccustomed investigations by the Finance Ministry's enforcement branches of tax and foreign-exchange evasions amounting to tens of millions of dollars. The investigations swept up in their nets some of India's most prominent business families as well as close political friends of Gandhi himself.

Business criticisms of some of Gandhi's economic policies, strong corporate pressures to shift Finance Minister Singh away from his economics portfolio, and efforts by some business groups to constrain the market entry of new firms—including some with foreign partners—mounted in the last year. The safe and stable seller's market that for years had enabled most Indian businessmen to make enormous profits regardless of the quality and price of their products was looking more attractive, at least to an influential portion of the business community, than Gandhi's and V. P. Singh's more daring and innovative economic policies.

Gandhi yielded on some minor points and halted new reforms. But enhancing India's economic competitiveness is critical to everything he hopes to achieve, and he must build political support for his economic policies. The appeals of socialism, social equity, public welfare and state ownership remain politically strong in India after nearly 40 years; building support for economic reforms that threaten these cherished values may prove more difficult than Gandhi anticipated.

It is difficult to measure change in rural India, but Indians who travel widely and know the countryside well say that rural development programs are actually most effective in the opposition-ruled states, where local initiative has been responsible. Gandhi has personally supported population and family planning programs, but these have moved slowly up to now as

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memories linger of the draconian attempts in 1975–76 to compel Indians to practice birth control. Nevertheless, research on a wide range of new family planning techniques may yield major progress in the next two years.

In the modern sector Gandhi's reforms have not reduced the dismaying inefficiency of most state-run corporations. New chairmen with private business experience have been put in charge of some key companies—the State Trading Corporation, Indian Airlines and Air India among them—and in time this may yield results. But the new administrators themselves are frustrated by the dimensions of the reorganization and improvements needed. The coal industry has made some progress under prodding from the energetic and determined energy minister, Vasant Sathe, but remains grossly overstaffed. So is the public steel industry, whose high prices, along with high electricity costs, are an important reason given by most businessmen for the failure of many Indian manufacturing exports to be competitive internationally.

Some observers hoped, without much specific evidence to go on, that Gandhi would undertake more radical reforms in the public sector, including selling off or closing down some companies. He has not done this. Nor has he seriously considered reforms to deepen the government's shallow fiscal base in which income tax plays a very small role, agricultural and land taxes virtually none, and excise and sales taxes and tariff revenues bulk large.

All in all, Gandhi's economic record, although on balance positive, has been neither a singular success nor a dismal failure. Measured against expectations—perhaps excessive—it has been disappointing. Early on the new prime minister told an interviewer that "hard work and slogging and time" were the only ways to progress in India. His style, however, is widely perceived as impatient—in the words of an Indian editor, as "wanting to pick the fruit without tending to the root." Above all, Gandhi has sometimes appeared insensitive or indifferent to the need to build constantly and refurbish political support for his economic policies. In sum: good intentions, some progress, frequently weak implementation, poor politics.

VII

The new prime minister's central foreign policy concerns, like those of his predecessors for the last two decades, are to

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better relations with India's neighbors and with the United States and the Soviet Union.

Gandhi's first visit to the United States, in the spring of 1985, to meet President Reagan and open the yearlong Festival of India was an unqualified success. His robust physique and his calm, charming, somewhat self-effacing manner projected well on television and before American audiences, including the Congress. Most important, he and President Reagan established a good personal relationship, which has clearly helped over the last two-and-a-half years to sustain one of the warmest and most upbeat periods in Indo-U.S. relations of the last four decades.

Gandhi has sharply reduced the anti-American flavor so common in much of Indian diplomatic and political statements in previous years. But like his mother he has found it hard to resist complaining to domestic audiences of "foreign interference" in Indian politics, invariably a code for the United States, Pakistan or China, and the frequency of these references has increased recently. Nevertheless, the atmosphere of the Indo-U.S. dialogue has improved, and the prime minister's fascination with modernizing India and his encouragement of the Indian private sector have attracted an interested wave of private American businessmen and bankers and trips by members of the U.S. cabinet over a two-year period.

Developments on the trade and investment front, however, have been neither as encouraging as some had hoped nor as unrewarding as others had feared. American exports to India, including high-tech telecommunications equipment, actually declined between 1984 and 1986; Indian exports to the United States increased only slowly, although the Indians were pleased—and somewhat surprised—at American encouragement of trade and, most recently, at U.S. generosity in negotiating an increase in Indian textile exports. American technology transfers and joint ventures led all such foreign collaborations, but total U.S. investment was still barely $500 million by the end of 1986. A large Du Pont chemical fiber venture could, however, increase this level substantially in 1987 to $600 million.

Nervousness in the Pentagon about transferring high technology to India has been a continuing source of frustration to the U.S. Department of Commerce, the State Department and the Indians. Nevertheless both civilian- and military-type aircraft engines, naval engine technology and small quantities of

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military equipment have been sold. Approval was also granted after prolonged delays for the sale of technology to construct small mainframe computers as well as a supercomputer for weather forecasting. All of these cases ultimately had to be resolved at the highest levels of the U.S. government and caused some Indian resentment. Secretary of Defense Caspar Weinberger's visit to India late in 1986, a trip by the commander of the U.S. Pacific Command to New Delhi a few months later and a resumption in 1984 of U.S. naval ship visits to Indian ports after many years of denied access may have eased Pentagon concerns, which nevertheless remain an obstacle for future transfers of high technology.

One reason for the greater American willingness to accommodate Indian enthusiasm for high technology has been a growing interest in and concern about India as a major military and political power in South Asia. American military assistance to Pakistan, however, remains a thorn in the Indo-U.S. relationship, as it has been for the last 30 years. Each new hint of American weapons transfers to Pakistan elicits sharp expressions of resentment and concern from the Indian elite, including the prime minister.

Gandhi was personally reassured of American goodwill in 1985 by vigorous American cooperation in apprehending Sikh terrorists and exchanging information about terrorism. But many senior Indians, including some of the prime minister's closest advisers, are convinced that Pakistan is behind the Sikh independence movement and various acts of terrorism, including the assassination of Mrs. Gandhi, and that the United States is aware of and thus tacitly condones what Pakistan does. Gandhi's speeches repeatedly include language suggesting he still shares this view.

Security and defense are intensely political issues for Gandhi; his angry parliamentary retort early in 1987 to critics challenging budget requests for sharply increased defense and national security spending verged on accusations of disloyalty to India. His advisers have told him that the radar aircraft Pakistan is seeking from the United States, along with other new sophisticated military equipment, could counterbalance much of India's planned defense modernization. Mr. Weinberger's casual reference, made immediately after he left New Delhi, to U.S. agreement to sell AWACS to Pakistan soured what had earlier been seen as a very successful trip. Gandhi, along with sophisticated Indian defense planners, understands that the United

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States will continue to supply arms to Pakistan. But certain technologies—AWACS among them—will be treated as litmus tests of whether the United States is really interested in better relations with India or will invariably shrug off Indian concerns in favor of Pakistan's importance for U.S. global security interests.

In the next two years Washington may have to decide whether to impose heavier political pressures or legislative sanctions on both India and Pakistan or to change U.S. policy to take account of the new subcontinental nuclear realities. This issue is likely to be a new major test for Indo-U.S. relations.

The current U.S. dilemma is whether to challenge Pakistan's denial that it is developing nuclear weapons, and thereby risk a conflict with Islamabad and jeopardize assistance to the Afghan resistance. The Indians see only one target for a Pakistani nuclear weapons program—India itself. Gandhi continues to deny he has made a decision to authorize the manufacture of nuclear weapons, but every Indian statement on the subject makes clear that India will do so—and swiftly if need be—whenever it finds this necessary to assure its defense.

A nuclear-armed subcontinent may already be a fact. It will be much easier to deal with if overall Indo-Pakistani relations ease, but Gandhi's views of Pakistan do not appear significantly different from those of his mother, or of most Indians. Despite superficial gestures and periodic high-level bilateral meetings, nothing in the relationship in the last two years suggests that suspicions on either side have eased or that either side is willing to lower its large, growing and ill-affordable defense expenditures.

Washington has little credibility as a mediator between India and any of its neighbors, and there seems little point in trying to play such a role. Gandhi has tried to develop a new style in dealing with India's neighbors other than Pakistan and China, encouraging discussion, negotiations and accommodation rather than displaying the more imperious and arbitrary manner of his mother. This has eased dealings on all sides even though India's size and strength as compared with Nepal, Bhutan, Bangladesh and Sri Lanka make changes in the ultimate power relationship virtually impossible.

Sino-Indian relations have not changed much under Mr. Gandhi. Hints on both sides in 1985 that negotiations on border disputes might be accelerated and that trade might

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increase substantially have led nowhere. New irritants appeared along the border when India accused the Chinese of intrusions into Indian territory in mid-1986. Despite this, Gandhi, for obscure reasons and against the advice of the Foreign Ministry, asked Parliament late in 1986 to designate the northeastern border territory of Arunachal Pradesh (to which China lays formal claim) as a full-fledged Indian state. This has produced a new round of strong Chinese criticisms of Indian policy. The border incidents themselves were not serious, but the revival of charges and countercharges over the disputed area has set back prospects for any easing of the Sino-Indian tensions for some time, and the threat of new frontier incidents has increased.

On the surface, India's relations with the Soviet Union remain tranquil and smooth. Gandhi agreed to raise the question of Afghanistan with the Soviets after his 1985 trip to the United States, and he apparently did so although to uncertain effect (the Soviets' declared policy did soften in 1986). The Soviets still send India their newest weapons systems—including the MiG-29—and during General Secretary Mikhail Gorbachev's visit to New Delhi in November 1986 there were announcements of new Soviet aid for Indian steel, coal and hydroelectric programs, and of agreements on major increases in trade and on high technology and research ventures.

Gandhi, however, was no more willing to endorse Gorbachev's call for a new conference to discuss Asian and Indian Ocean security and cooperation than Indira Gandhi had been to support Brezhnev's earlier gambit for an Asian security conference. Gorbachev pointedly urged India, Pakistan and China to resolve issues among themselves through mutual give and take; this evenhanded and noncommittal posture raised eyebrows in India and compelled Gandhi to reassure Parliament after the visit that the Soviets did in fact continue to stand behind Indian security.

Of greatest concern to Indians privately was the sense that Gorbachev was really increasingly interested in Asia as a whole, for all his rhapsodizing about Indian culture (including the works of Nobel Prize-winning author Rabindranath Tagore, Buddhism and the supposed common spiritual cultures of India and Russia). A number of Indians are asking whether this means that India will become only one of many Asian countries on which Soviet attention will now increasingly be lavished. The Soviets appear to be trying to offer reassurances—includ-

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ing organizing their own Festival of India in 1987—but India's place on the Soviet world map may in fact be diminishing.

VIII

Inevitably the record of Rajiv Gandhi's policy initiatives is mixed. On balance the prime minister has managed relatively well a number of foreign, economic and domestic political issues, including the Punjab crisis, flareups with Pakistan, industrial expansion and relations with the great powers. His strong bias toward attempting to resolve conflicts through reconciliation and compromise rather than confrontation is admirable, as are his efforts—at least partly successful—to speed up and simplify the processes of government.

But Gandhi has done less well in coming to grips with the basic problems that ultimately will determine the future of Indian economic, political and social development:

—He has failed conspicuously to strengthen his own party, to revive the steadily declining respect for politicians throughout India, or to restore the legitimacy of the political party system in ways that reaffirm the vitality of Indian democracy, reinforce social and civic stability and prevent the strengthening of caste, communal and regional party politics.

—He has made no real progress toward stabilizing Indo-Pakistani relations so as to enable both countries to reduce defense expenses and particularly to avert a new escalation of costs in a nuclear arms race on the subcontinent. The situation is probably worse now than it was two years ago, if only because hopes of a new atmosphere in relations with Gandhi have diminished.

—He has done little to persuade most Indians that he has a long-range plan for creating jobs for the seven-to-ten million Indians entering the job market each year while modernizing and rationalizing Indian industry, agriculture and services so as to make them more efficient and productive.

To list these problems is only to emphasize their complexity. Nevertheless, Gandhi has lost much of his initial momentum and will find it more, not less, politically difficult to confront these issues in the next two-and-a-half years.

A particularly worrisome phenomenon is that effective government at the national level continues to depend heavily on the presence of a member of the Nehru/Gandhi family. This

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sense of "indispensability" led Indira Gandhi to become increasingly assertive and intolerant of opposition in the face of mounting domestic pressure. Rajiv may be tempted in the same way to stifle criticism, and from time to time shows signs of willingness to yield to such temptation.

Rajiv Gandhi nevertheless is a young and vital leader. He possesses the intelligence, energy and proper sense of national priorities that could enable him in time to be a great prime minister. But like any national leader, he needs imaginative and capable advisers and administrators around him, and he needs to learn to work better with individuals of independence and strong character. He has not found many such persons, or—more seriously—has chosen not to use those who may be available. And he must learn to accept, to become more skilled at, and ultimately to enjoy the game of politics. His mastery of these two personal leadership qualities could become the key to his remaining in power and leading India into the 21st century and an era of peace, democracy, stability and increasing prosperity for his countrymen.

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Pamela S. Falk

CUBA IN AFRICA

Cuba's intervention in Africa, which began in earnest in the mid-1970s, has proved very costly. Cuban leader Fidel Castro, seeing opportunity in the turmoil resulting from African decolonization, decided to escalate his assistance. The economic drain, loss of life and domestic discontent in Cuba that have resulted from its involvement in 17 African nations and three African insurgencies suggest that Castro might re-evaluate his African agenda, particularly in Angola, where Cuban soldiers are now being called into frontline combat. But the gains Cuba has already realized for itself and the Soviet Union, coupled with the prospect of winning the long-term allegiance of large portions of the African continent, may cause him to disregard the continuing short-term dangers.

In the Americas, Castro's reach is somewhat inhibited because he must operate in the shadow of the Monroe Doctrine. By contrast, Africa is a playing field without a referee. For the most part the independent nations of modern Africa have not declared themselves to be within particular East-West "spheres of influence." Yet Castro has shrewdly and effectively aligned Cuba with African insurgencies against colonial vestiges and against South Africa. By providing aid and personnel—military and civilian—Cuba has unquestionably won trading partners for the Soviet bloc as well as loyal friends if not full converts to Marxism. Given the resources and demographics of Africa—half of its population is under age 16—these relationships are likely to yield considerable future benefit. Whether Cuba can afford to wait is an important question.

First, Cuba's foreign policy choices in Africa are taking a heavy toll on its domestic economic health. Even though the Soviet Union provides Cuba's military hardware free of charge—valued at over $2 billion for 1982–84—the additional

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costs of maintaining an overseas army, which includes 65,000 Cubans (troops, and military and civilian advisers) spread over 17 African nations, consume 11 percent of Cuba's annual budget. Military expenditures, including salaries and uniforms, travel and maintenance, logistical support and supplies, have crippled Cuba's domestic development plans.

In addition, Cuba's Africa policy has clearly exacerbated its already strained relations with Washington. U.S.-Cuban relations were improving in 1977 with the opening of reciprocal Interests Sections in Washington and Havana and the signing of fishing, health and maritime agreements. Cuba had even begun to discuss the possibility of withdrawing troops from Luanda, Angola's capital. When Cuba sent 12,000 troops to Ethiopia in 1977, however, its relations with the United States took another downward plunge.

Third, African nations' true sentiments regarding Cuba's military policies have become surprisingly difficult to gauge. Cuba's stated goal is to support African liberation struggles against colonialist and racist regimes. To be sure, Cuba had the public and official support of over a dozen African nations as well as the Organization of African Unity in 1975 when it began assisting the eventually successful Angolan insurgency led by Agostinho Neto. But, privately, many of these same OAU supporters of Cuba regard Soviet policy in the Third World as colonialist and racist, and African perceptions of Cuba in many nations are often contrary to official policy. Almost a dozen African nations, while publicly supporting the government of the Popular Movement for the Liberation of Angola (MPLA), reportedly send aid covertly to Jonas Savimbi's National Union for the Total Independence of Angola (UNITA), which is fighting that government.

Thus, although Cuba in the early years of its involvement in Africa had been lauded as a model Third World army supporting the continent's liberation, nascent African perceptions of Cuba's mission are less certain. Moreover, many African nations are integrally involved with international financial institutions such as the World Bank. After building state-directed socialist economies, they are now shaping indigenous, mixed economies. They want to open, or reopen, lines of communication with the West in order to improve trade and technology transfers. Angola in particular has sent numerous representatives to lobby in the United States for continued American investment.

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In sum, Cuban military assistance has not yet tipped the African scales irrevocably toward the Soviet bloc. Nevertheless, Cuba most certainly derives a benefit: a strategic link to several African nations, as well as a foothold on the continent for itself and the Soviet Union. While Cuban and Soviet motives in Africa are compatible, it is likely that the Cubans initiated the major military programs. In any case Cuba, as a Third World nation, is a more acceptable presence to its hosts than the Soviet Union. But the cumulative and escalating cost of Cuba's involvement there, at a time when its own economy is in trouble, is creating unprecedented pressure on Cuba to re-evaluate its program and thus its policy.

II

The strategic importance of Africa, politically and economically, should not be underestimated. The 51 nations of Africa comprise the second-largest continent in the world, with over twice the population of the United States. The value of mineral and oil resources is estimated at several trillion dollars. The Horn of Africa provides easy access via the Red Sea to the Middle East; the Ethiopian ports of Assab and Massawa allow Cuba and the Soviet Union access to the Gulf of Aden and the ports of South Yemen. In addition, the Red Sea passage to the Suez Canal is of vital importance for transporting Soviet goods. North Africa gives Cuba proximity to U.S. bases around the Mediterranean as well as to critical sea lanes. The southeast African states such as Mozambique and Tanzania afford the Cubans access to the Indian Ocean. Off the coast of southern Africa are the "choke points" of the Cape of Good Hope and the Channel of Mozambique. Thus, Cuba's early support of the MPLA's quick victory in Angola was fortuitous, giving Havana an ideal staging ground for the entire Cape region of Africa.

In geopolitical terms, Angola is a bull's-eye. Angola's strategic importance in southern Africa is the key attraction to the Cubans. Angola has over 1,000 miles of coastline south of the Congo River, which serves as part of its northern border. This extensive access to the South Atlantic makes Angola a significant outlet for iron ore, diamonds and coffee, in addition to minerals from the central African nations. Angola's border abuts Zaïre on the northeast, Zambia on the east, and Namibia (South West Africa) to the south. Cabinda, an enclave of

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Angola to the north which is not contiguous to Angolan territory, borders Congo and Zaïre.

Angola's area is almost one-half million square miles, roughly equal to the size of South Africa. Luanda is the principal port city in the north; Lobito and Benguela are the two major central Angolan port cities, and Namibe is the southern port. Major railroad lines run eastward from these Atlantic ports to the interior. Though these lines have only functioned sporadically during the civil war they are important links even to nonborder nations such as Zimbabwe, Botswana and Mozambique. Angola's rail connections are thus a vital, even though largely potential, part of an Atlantic-to-Indian Ocean route bypassing the South African transit system.

Angola's southern border with the former South African "mandate" territory of Namibia gives Angola additional strategic weight in East-West relations. The Namibian group opposing continued South African control, the South West African People's Organization (SWAPO), established its headquarters in Angola, and Angolan involvement in Namibia's fight for independence has inextricably linked the political fates of South Africa and Angola. If SWAPO were to win power, the South African government believes that the government on its northern border would be unfriendly, and South Africa would be susceptible to invasion by the Cubans from Angola through Namibia. Consequently, South Africa unswervingly demands the withdrawal of Cuban troops from Angola as a condition for Namibia's independence. To force such a withdrawal, South Africa has repeatedly invaded Angolan territory, thereby increasing the perceived importance of Angola, and thus Cuba, in the geopolitics of the turbulent Cape of Good Hope.

Cuba's interest in Africa is not only geopolitical; the value of southern and central Africa's minerals (which are vital to industry, energy programs and modern weaponry) is of nearly equal importance. The economic stakes of the other African regions are much smaller: there is no major stake in the economically depressed Horn of Africa, which is of primarily strategic importance, but the former French and Portuguese colonies in the northwest support several small export industries as well as a lucrative fishing trade.

Angola's largest income producers continue to be petroleum, diamonds and coffee (the largest cash crop), although the civil war prevents Angola from realizing full income from all three.

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But for the civil war, which has brought the economy to a standstill, Luanda would rank among the very richest of sub-Saharan African cities. Even with severely declining oil prices, Angola last year pumped over $2 billion in oil; it exported over half of that to the United States, with additional oil exports going to Brazil, Western Europe and Africa. Angola also exported between 1 and 1.5 million carats of diamonds (about ten percent of its export earnings), coffee, sugar, cotton and tobacco in 1986. Gold, uranium, copper and bauxite resources have never been fully tapped.

It is not difficult to understand, therefore, why Cuba chose to involve itself in the strategic southern cone of Africa. The opportunity was provided by the collapsing Portuguese rule of Angola in the 1970s.

In theory, 1975 should have been the year celebrating the birth of the free and independent nation of Angola. On January 15 the fading empire of Portugal signed the Alvor Agreement, which transferred power jointly to Angola's three mainly Bantu political movements: the MPLA (mostly Kimbundu tribesmen from north-central Angola, led by Agostinho Neto); UNITA (representing the Ovimbundus of central Angola, the largest ethnic group at 37 percent of the population, led by Jonas Savimbi, then headquartered in Zambia); and the National Front for the Liberation of Angola or FNLA (the Bakongo of northern Angola, led by Holden Roberto, with headquarters in Zaïre). The transitional government, composed of these three parties, set November 11 as Angolan Independence Day, and constituent elections were planned for October 1975. Instead, the year 1975 witnessed the outbreak of a civil war that has drawn in China, South Africa, Belgium, Denmark, India, Nigeria, North Korea, Romania, Spain, Yugoslavia, Zambia and Zaïre, in addition to Cuba, the Soviet Union and the United States.

The three political groups had united against colonial rule, but as independence approached each began jockeying for the dominant position. The FNLA, founded by Roberto in 1954, originally included Jonas Savimbi, who was the foreign minister and secretary general of the party. But in 1966 Savimbi broke with the FNLA and established UNITA. Savimbi and his large Ovimbundu following set up UNITA bases in neighboring Zambia as the movements were driven out of Angola by the Portuguese "sweeps" against them. Savimbi, who had studied in Portugal, traveled the world meeting with international

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leaders and spent a year in China, under Mao's direction, instructing troops in guerrilla warfare. Roberto and his FNLA established ties with newly independent Zaïre, ties which grew stronger after the successful military coup in November 1965 by Major General Mobutu Sese Seko, Zaïre's commander of the army—and Holden Roberto's brother-in-law.

The MPLA, led by Agostinho Neto, had been founded by a small group of urban intellectuals from Luanda in 1956. The MPLA's Marxist-Leninist doctrine was set by Neto, one of the very few Angolan students invited to study in Portugal, where he participated actively in opposition movement politics and was frequently jailed by the Portuguese secret police.

The first stage of external involvement with these groups consisted of shipments of arms from around the globe. During 1970 and 1971 the Soviet Union took up the MPLA cause, supporting it vociferously in international forums and sending small amounts of arms. The Chinese hedged their bet by sending aid to both the FNLA (in 1973) and UNITA (in 1974). In May 1974, after the military coup in Portugal, the Chinese formalized their assistance to the FNLA by sending a team of advisers. In September the MPLA was significantly fortified by the Soviet Union, which sent several shipments of guns and ammunition to its forces in exile in neighboring Congo. About that time, Washington began covert funding of Roberto's group. Fighting spread to urban centers by mid-February 1975, and the FNLA attacked Luanda, a stronghold of the MPLA.

In the first months of 1975 both the Soviet Politburo and the Cuban leadership decided to increase military aid to the MPLA, and in March Cuba's foreign military program began with the dispatch of a small team of advisers. Cuban Communist Party member Flavio Bravo, one of Fidel Castro's early colleagues, was charged with heading the political-military arm of the Africa program. In May 1975 Bravo met with Neto in Congo; Neto requested and received increased Cuban military equipment and training officers. The following month, 250 Cuban military advisers arrived along with major increases in Soviet arms from Cuba. By July, with the help of advanced Soviet weaponry, the MPLA and the Cubans had seized control of Luanda from Roberto and his ailing FNLA, forcing both UNITA and the FNLA to retreat to the south.

Cuban combat soldiers first arrived in September 1975; by mid- October, over 1,000 Cuban soldiers and technical advisers

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from the special military security forces of Cuba's Interior Ministry were on Angolan soil. On October 23 South African troops, in a campaign dubbed Operation Zulu, crossed the Namibian-Angolan border and headed for Luanda. Cuban forces responded immediately to the South African challenge. Four hundred Cubans died in fighting that month.

Despite the continuing turmoil the government of Portugal, its high commissioner and its troops completed their withdrawal by November 11, 1975, and the MPLA declared victory. In the second week of December, the most decisive clash occurred between South African and Cuban troops in the Battle of Bridge 14; the Cubans suffered heavy losses and were forced to retreat. Late that month, after Cuba signed a treaty of assistance with the MPLA, the arrival of Cuban troops escalated, and the MPLA started to take control of other key cities. In January 1976 South African troops retreated, and by February 1 the Cuban government had sent over 15,000 combat troops from the Cuban Revolutionary Armed Forces. By this time, the Cubans' mission had shifted; they were assigned to the areas around Luanda, protected by MPLA troops who were doing the actual fighting—attempting to keep the FNLA in the north and to push UNITA south, while holding the South Africans beyond the Namibian border. South Africa responded by providing military and financial backing for both the FNLA and UNITA and by establishing its own bases within Angola.

The task of MPLA and Cuban troops was made easier in January through the banning of U.S. covert aid to both Savimbi and Roberto by the Tunney Amendment to legislation sponsored by Senator Dick Clark, which prohibited military aid to Angolan rebels without approval from a joint committee of Congress. On February 16 the secret Pike Report detailing the history of U.S. covert aid was leaked to the press.

Without continued resources the FNLA withered, but Savimbi and UNITA, already fighting for a decade and strengthened by the firm backing of the Ovimbundu, turned to South Africa for increased support. Nevertheless, on February 11, 1976, UNITA troops were forced to withdraw from their stronghold at Huambo; the Organization of African Unity then officially recognized the MPLA as the Angolan government. Recognition by a dozen African nations followed in March, and the United Nations, Portugal and the rest of Western Europe followed suit by year's end. The United States, however, has continued to withhold formal recognition of the MPLA government.

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In the years following its assumption of power, the MPLA, along with the Cubans and Soviets, fortified its position within southwest Africa. To consolidate its strength externally as well as from within, the Neto government, still antagonistic toward Zaïre for its past support of the FNLA, did nothing to prevent (and perhaps encouraged) the Angolan-based rebels of the Congolese National Liberation Front to invade their native Shaba (formerly Katanga) region of Zaïre. Zaïre's President Mobutu, shocked by the destabilizing effect of such an active border conflict, offered to talk; as a result of this veiled threat Mobutu subsequently became a reluctant supporter of the MPLA government.

Inside Angola, an aborted coup in late 1977 from the left wing of the MPLA led by Neto's own Interior Minister Nito Alves, a close confidant of the resident Soviet advisers, gave rise to speculation that the Cubans and Soviets were at odds. As a result of the coup attempt, Cuba reversed the scaling-down of its troop presence that it had begun in mid-1977, increasing the total number to the current level of 30,000–35,000. In all likelihood the Soviets had wanted to make it very clear to the Cubans that they needed to stay in force to ensure the MPLA's continued hold on power.

The 80,000-strong MPLA army is supervised by Cuban instructors, 25,000 to 30,000 troops and 5,000 to 10,000 civilian advisers. The Cuban Revolutionary Armed Forces based there are divided into 15 regiments, with all but six within the parameter of the capital; one regiment is assigned to Cabinda in the north and the remaining five are in the south. The Cuban effort in Angola has been directed by a small group of Cuban officers sent there to test their loyalty to the Castro government; among them are Commander Leopoldo Cintra Frías, a protégé of Castro's brother Raúl, and Major General Senén Casas, a confidant of Fidel. Angola has also been a testing ground in military terms: Castro boasts of training over 400,000 Cuban troops there since 1975. Some military commanders have been forced to earn their stripes in Angola after military defeat elsewhere. For example, Colonel Pedro Tortoló, after being court-martialed and demoted to the rank of private for his defeat in Grenada, was assigned to Luanda.

Not divided into formal regiments are the 1,500 Soviet soldiers who provide technical support for the Soviet military equipment, and 3,000 East Germans who operate the railways, telecommunications and intelligence facilities. In addition, the

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MPLA gets support from its regional allies: 5,000 troops from SWAPO and 600 African National Congress troops fight alongside the army against UNITA.

III

While it was establishing Angola as its main Africa host, Cuba proceeded to make its presence felt elsewhere on the continent as well. In July 1977, Somali regular forces, with the aid of the Western Somalia Liberation Front and the backing of Saudi Arabia, entered the Ogaden region of Ethiopia, taking the towns of Jijiga and Harar. Cuba quickly gave assistance to Ethiopian leader Haile Mengistu, sending at first 50 advisers and then troops; the Soviet Union provided matériel. Between January and April 1978, Cuban troops arrived at an average rate of 6,000 a month; the Cubans launched a counterattack, and the Somali army withdrew. Since then, Cuba has visibly sought to make its aid to Ethiopia a model of peacetime economic assistance, gaining a permanent, strategically important ally through technical and economic cooperation and an extensive medical training program.

Nonetheless, 11,000 Cuban troops remain in the Horn of Africa, keeping a watchful eye over the still-contested Ogaden desert and defending Ethiopia from the insurgency of Eritrean rebels in the northern provinces of Tigray and Eritrea. The majority of Cuban troops, totaling over 24,000 during the 1977–79 peak of fighting with Somalia over the Ogaden region, returned to Havana as that conflict subsided.

In the north, the secessionists continue to wage regular skirmishes, two or three monthly, attesting to their resilience but not seriously threatening Cuban military stations. Cuba has made it publicly clear to Mengistu that the conflict with Eritrea is not one in which Cuba wishes to engage directly, particularly since the Cuban army trained many of the Eritrean insurgents in the 1960s when they were fighting Emperor Haile Selassie. At any rate, the 60,000-strong Ethiopian army is able to handle the current level of fighting. Overall, the costs to Cuba of its Ethiopian venture have not been high; the indirect cost—the Carter Administration's immediate reversal of improving relations with Havana after the massive 1977 troop airlift—was significant, but not high enough to warrant cutting off aid to Ethiopia. By enabling the Marxist government of Ethiopia to hold its own against Somalia, Cuba strengthened an ally and gained a foothold in the strategically important Horn of Africa.

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Cuba's third-largest military assistance program in Africa is in Mozambique, where the socialist government of the Mozambique Liberation Front (FRELIMO) came to power with the help of the People's Republic of China rather than the Soviet Union or Cuba. Today, however, there are 2,500 Cubans in Mozambique, including approximately 800 soldiers, and 300 Soviet military advisers. Their mission is to defend the government against the South African-supported Mozambique National Resistance (RENAMO), which has continuously bombed Mozambican ports and its oil pipeline since the country's independence from Portugal in 1975. Numbers of both Cuban and Soviet troops increased during the last year amid heightened fears of attacks after the death of Mozambique's first president, Samora Machel. The FRELIMO government continues to investigate the circumstances of Machel's death, including suspicions of South African involvement.

Cuba defends the FRELIMO government alongside Zimbabwean troops; both have helped protect the oil pipeline running from Zimbabwe to Mozambique's port of Beira. Cuban troops also assisted in a dramatic military maneuver in Sofala province in July 1985, the capture of Casa Banana, the rebel headquarters of RENAMO. Cuba has gained three advantages through its aid to Mozambique. Its ties with Zimbabwe have been strengthened (Cuba provides it with technical assistance and over 100 military advisers); this was evidenced by Cuba's hearty welcome to the 1986 Nonaligned Movement meeting in Harare, Zimbabwe's capital. While Prime Minister Robert Mugabe has been cautious about increases in Cuban and Soviet assistance, reports have persisted that Zimbabwe is purchasing from the Soviet Union a squadron of MiG-29s, sophisticated combat aircraft which would tip the delicate air-power balance in southern Africa in Zimbabwe's favor.

Cuba's alliance with Mozambique also gives it geopolitical benefits—access to the nation's 1,500-mile coastline on the Indian Ocean and to the Mozambique Channel, which runs between Madagascar (whose socialist government maintains good relations with Cuba and to which Cuba has sent 150 troops) and Mozambique, and to the ports of Beira and Maputo (Africa's second-largest port). Finally, Cuba did not have to compete for influence in Mozambique at a time when, because of FRELIMO's definition as a Marxist-Leninist state, Washington had imposed a congressional ban on direct bilateral aid which was not lifted until June 1984.

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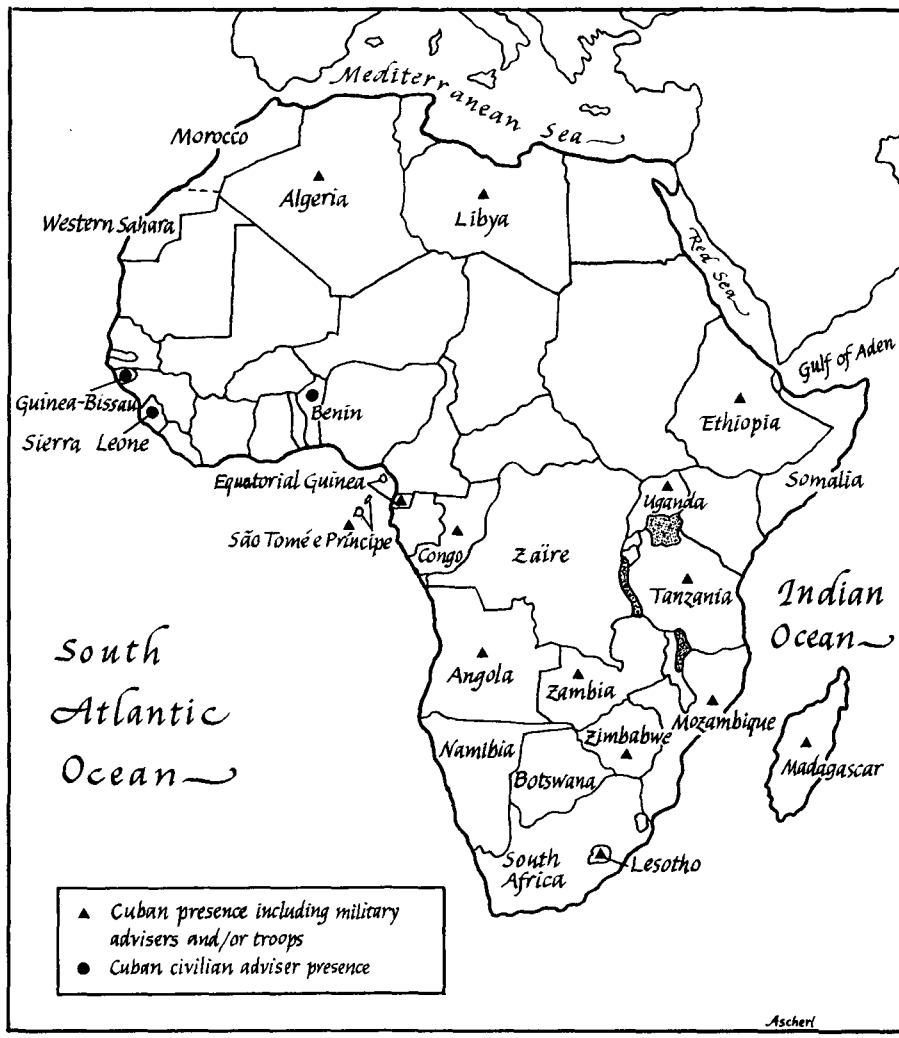

Cuba has small amounts of troops, military advisers and technical advisers in several other sub-Saharan African nations, including: Zambia (200 troops), Uganda (250 troops), Tanzania (100 military advisers), Congo (3,000 troops and advisers), Equatorial Guinea (240 troops), São Tomé e Príncipe (500 military security personnel) and Lesotho, where seven Cuban military training officers represent a goodwill gesture rather than a military outpost. In northern Africa, Cuba has 3,500 troops stationed mainly in Libya and Algeria, giving Havana Mediterranean access. It also provides support to the Polisario rebels fighting for Western Sahara's independence from Morocco. In the former colonies of French, British and Portuguese

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West Africa, Cuba has stationed civilian advisers in Benin (50), Sierra Leone (150), and Guinea-Bissau (125).

Far more important to Cuba are the ties it has successfully forged with the opposition movements of two nations in the turbulent Cape region: Namibia's SWAPO and South Africa's African National Congress. SWAPO leader Sam Nujoma makes frequent trips to Cuba and has met with Cuban Politburo member Jorge Risquet in Angola. The ANC's Oliver Tambo, while more cautious, continues to maintain strong ties of solidarity with Cuba. Though they know it may take years, Cuban leaders are banking on an eventual change of government that will bring these groups to power in their respective nations.

None of these Cuban aid programs is likely to decrease in the short term. The white colonial exodus in Angola and in most of Africa drained the continent of many medical and technical personnel. Given the youthfulness of the continent's population, the impact of Cuba's heavily ideological literacy programs and public health training is far-reaching. Cuba's vice president summed up Cuba's role as a question of perspective: "We see things differently," Carlos Rafael Rodríguez explained in an interview; "America looks to win, and we look to the future."

IV

The continuing costs of the war led Angola to the negotiating table in the early 1980s. These incentives still persist, and to them have been added Savimbi's recent gains, made possible by increased aid to UNITA. Though obstacles remain, the negotiation route is at least as viable as ever.

Cuba's activity in southern Angola came under increased international scrutiny in September 1978 when the U.N. Security Council passed Resolution 435, which called for the withdrawal of South Africa from Namibia, a timetable for free elections there, and SWAPO's observation of a cease-fire. Halting the Namibian-Angolan border incursions thus became a point of multilateral concern affecting not only the MPLA and UNITA but Cuba, the Soviet Union, South Africa, the United States, Namibia (and SWAPO), and the Frontline States. MPLA leader José Eduardo dos Santos, who succeeded Neto after his death in 1979, responded to the U.N. resolution with a willingness to negotiate the withdrawal of Cuban troops once the resolution was implemented. It was the first acknowledgment by the Angolan government that it might reduce the Cuban troop

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presence as a way of gaining South Africa's acceptance. The South Africans condemned the resolution and the Angolan offer, calling instead for prior withdrawal of all Cuban troops, thus establishing the linkage concept.

In 1981 the new Reagan Administration offered to serve as an intermediary between the Angolan and South African positions. The U.S. approach included taking into account the South African fear of SWAPO troops based in southern Angola. The years 1981–83 reflected a pattern of fight and talk, with the South Africans intervening to shore up Savimbi, and the Cubans backing Angola, though not on the front lines of the fighting. The high rank of negotiators named indicates the importance that the talks were given by Cuba and Moscow, as well as Angola. Angolan representatives included Minister of Defense Pedro Maria Tonha and External Relations Minister Afonso Van Dúnem. Cuban Politburo member Risquet has overseen the political direction of Cuba's program; Cuban and Soviet involvement behind the scenes enabled them to monitor any agreement that might result.

The U.S. Administration began a careful program of meetings with Angolan officials to lay the groundwork for the negotiations. In 1981 Angolan Foreign Minister Paulo Jorge and U.S. Secretary of State Alexander Haig met, and informal discussions were held at the United Nations when Angola's Interior Minister Alexandre Rodrigues visited New York for the General Assembly session in September. But, as if intending to stymie the effort, South Africa invaded Angola in a military maneuver called Operation Protea and occupied a section of Cunene province in southern Angola.

Nonetheless, U.S. negotiations with Angola and other regional parties continued into 1982. Even after a second South African incursion into Angolan territory to strengthen UNITA, Angola and South Africa held a series of meetings to ensure the continuation of the discussions. By 1983, while several U.S. negotiators were meeting in Luanda and later in Paris, UNITA forces, with South African help, made several successful drives farther north. The Cubans, in logistical rather than direct combat positions, were attacked several times in 1983–84, and several thousand Cubans died. Nervous about the new advances, and wanting U.S. help in stopping South Africa's incursions, Interior Minister Rodrigues met in Washington with a State Department team.

As the fighting became more intense at the beginning of

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1984, U.N. Secretary-General Javier Pérez de Cuéllar agreed to serve as intermediary between the Angolan and South African governments. While the world watched, South Africa agreed to withdraw from Cunene. Negotiations continued, with the United States mediating, and in February of 1984 an agreement was reached in Lusaka. In it South Africa agreed to withdraw its forces from southern Angola in exchange for SWAPO's pledge not to occupy the area vacated by South Africa. The terms of these accords were met to some degree, including a limited South African withdrawal from southern Angola.

A further elaborate series of agreements was proposed when U.S., Angolan and South African representatives met in Luanda in September 1984. These agreements would have kept the Cubans above first the 16th parallel and then the 13th (closer to Luanda), kept SWAPO out of the south of Angola, begun a cease-fire and given the Cubans a timetable to leave once Resolution 435 was in progress. Angola proposed to send most of the Cubans home over the course of three years, leaving 6,000 to 10,000 Cuban soldiers in Angola during a transition period. After the third year the remaining Cuban troops would stay above the 13th parallel to protect the MPLA government in Luanda. The South African position was still to insist on an immediate withdrawal of all Cuban troops before Resolution 435 would be implemented and elections held in Namibia.

In March 1985 Assistant Secretary of State for African Affairs Chester Crocker submitted a compromise proposal, but that summer, to Crocker's dismay, the South Africans established an "interim government" in Namibia, which many feared would undercut a democratic transition. Two months later, South Africa attempted to blow up the U.S.-owned Gulf oil installation in Cabinda. Talks between Washington and Luanda were indefinitely suspended. In testimony before the U.S. Senate in the fall of 1986, Crocker laid out the U.S. negotiating plan and the critical point at which the South Africans undercut the effort.

Four years of secret and gradual negotiations were thus derailed. The Cubans blamed the South Africans; the United States, particularly the State Department's Bureau of African Affairs, blamed Moscow for bad-faith bargaining and the Cubans for deception, as well as South Africa.

At the same time that South Africa was undercutting the talks, so were the Cubans and Soviets. Secret negotiations had taken place in January 1984 in Moscow among Cuba, the Soviet

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Union and Angola, resulting in an escalation of military aid from Moscow to a level that Angola had not previously seen. By year's end it included $2 billion in military equipment and, from Cuba, 7,000 additional soldiers. Domestically, Havana fortified its military readiness and increased its total military expenditures by 20 percent in 1984. The level of fighting had increased even before the negotiations ended, as a result of the new aid from Moscow. In the summer of 1985 a major offensive by the MPLA began to eliminate Savimbi's headquarters in Jamba and continued through October, while Luanda negotiated with Washington and Pretoria.

This prompted a reaction in Washington during the summer of 1985, when the congressional debate began over repealing the Clark Amendment, which banned covert aid. By July both houses of the U.S. Congress voted to repeal the ban (effective in October). In October Soviet Foreign Minister Eduard Shevardnadze met with Castro in Havana to discuss Angola. Luanda then broke off the suspended negotiations. In January 1986 Savimbi was received at the White House, and a proposed House Resolution (4276), which would have reinstated a ban similar to the Clark Amendment, was defeated shortly thereafter. U.S. aid to Savimbi, $15 million in 1986, undercut Washington's credibility as a mediator.

What became apparent during the course of the 1983–85 negotiations was the MPLA's lack of autonomy and the increasing control by the Cuban military officers in the battlefield. Cuba was not party to the Angolan negotiations with the United States, and all along it was fortifying its military position. Cuba's official stance is that it will withdraw its troops if and when Angola asks it to; more recently, however, Cuba has added another precondition for withdrawal: the end of apartheid. In a speech widely reported to have surprised the Angolan leadership at the Eighth Nonaligned summit meeting in Harare in September 1986, Castro spoke of the Cuban troops in Angola. Part of his position had not changed: the Cuban troops would leave only after Namibia received its independence. But, he added, Cuba would stay as long as necessary, a thousand years if need be, until apartheid was dismantled in South Africa.

Talks began anew in 1987 at the initiative of Congolese President Denis Sassou-Nguesso, acting in his capacity as OAU chairman. A meeting was held in Congo on April 5–6 between Washington, represented by Chester Crocker and Henry Cohen of the National Security Council, and Luanda, led again

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by Interior Minister Rodrigues and the vice minister of foreign affairs, Venâncio de Moura. While Luanda was suggested as the venue of the next meeting, a schedule for the resumption of talks was not set.

During 1986–87 on the battlefront a changing relationship of Cuban officers to Angola's 15 garrisons has become clear: the Cuban military is beginning to replace the Angolan military units in the battlefields of the south. Unlike the Ethiopian army, the Angolan army has not been trained abroad, and Cuban troops are needed to master the increasingly sophisticated Soviet weaponry that has been arriving since 1984. The Angolan leadership is also taking its lessons from the Cubans in government leadership. The 1985 MPLA Congress increased its membership by one third—all military officers. Another sign of the escalating war, and Cuban and Angolan anxiety over it, was a reshuffling of Cuban military officers in Angola that took place in late 1986 after the failure of the latest government offensive.

V

The Angolan experience holds two instructive precedents for other southern African nations and, indeed, for most of nonaligned Africa. First, a large Cuban military presence in and of itself provokes a wider conflict of East-West dimensions; second, when Cuban involvement reaches this level its aims come to dominate over host-country objectives. In every sense, the stage is set in Angola for a solution that can only come about with the consent of all the actors. Key international players are already involved—Cuba, the Soviet Union, South Africa and the United States. The issues of the conflict are clearly defined: dos Santos needs economic stability and relief from the Savimbi-led insurgency in order to maintain power; Savimbi wants to gain or share power. The Cubans and Soviets want an economic and ideological ally. The United States wants to protect its oil companies, oppose the Marxist government, get the Cubans out and establish a neutral, if not friendly, government which in the short term will have a stabilizing effect in a volatile region—or at least will not add to the turmoil of southern Africa—and one which in the long term can demonstrate the viability of trading with the West and remaining out of the Soviet sphere.

These separate issues motivate each of the nations to behave differently: for some, namely the United States and Angola,

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final resolution is a desirable end. For others, namely the South Africans and the Cubans, a negotiated resolution—which of necessity involves compromise—presents real dangers: a stable, unified Angola would render the Cubans less necessary (and perhaps unwelcome) and the South African government vulnerable to concerted opposition from its northwestern neighbor. Thus, when delicate and protracted negotiations have taken place around the bargaining table, Cuban and South African troops have managed to derail diplomatic efforts by their actions on the battlefield. The time is right to negotiate a resolution, and the requirements of that resolution are easily outlined—in fact, the previous talks provided a workable structure. The open question is how to bring the parties back to the bargaining table and prevent yet another disruption of talks.

Three factors make now the time to negotiate a resolution: (1) a higher battlefield toll as the end of the rainy season is bringing renewed fighting and bloodshed; (2) the decline of the Angolan economy (and Angola's ability to support the Cuban forces) and the depletion of Angolan troops; and (3) the effect of Cuban soldiers being sent to the front lines and facing loss of life in large numbers. But there remain three impediments to renewing negotiations: (1) Angola's inability to "control" the Cubans; (2) the inability of the United States to "control" the South Africans—underscored by a South African attack on Zambia on April 25, 1987; and (3) the weakened posture of the United States as an international negotiator. Aggravating an already tense U.S.-Angolan relationship, in April 200 U.S. troops joined the Zaïrian military in a series of maneuvers called Operation M'bote along Zaïre's southwest border with Angola. Because of the increasing costs, on balance the pressures to negotiate on those who stand to lose the most—the MPLA and the Cubans—are greater now than they have been for some time. Thus the time is right for diplomatic action.

It should not be thought that the renewed fighting will in itself make either side relent. Military analysts on all sides believe that neither Savimbi nor the MPLA can win militarily and that a continued stalemate will be the result. Assistant Secretary Crocker has publicly conceded that the chances for outright military victory by either side are "remote," and he has asserted that Jonas Savimbi is "realistic" in sharing this judgment. Likewise, some Angolan officials reportedly believe, with good reason, that a decisive military outcome is unlikely.

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The war has taken an enormous toll on the Angolan nation. Dos Santos calculates material losses at $12 billion; the number of dead is said to be "incalculable"; over 500,000 have been crippled and 600,000 people, or ten percent of the population, displaced. The Angolan government has a strong incentive to negotiate with its opponents, and the party knows it: at the last party congress, those considered opposed to negotiations (including former Foreign Minister Paulo Jorge) were demoted or asked to leave the congress altogether. After these changes Lisbon radio reported in December 1985 that

> the Angolan President now enjoys the support of a majority within the Central Committee [and] he might receive U.S. Assistant Secretary of State Chester Crocker. Unlike previous occasions, this will not prompt the opposition of or criticism by a strong internal wing of the party. He will be able to negotiate with greater ease than before the independence of Namibia and the development of the political situation in southern Africa.

The Angolan government is at a turning point. It cannot defend itself on the battlefield without the massive assistance of Cuban troops, and even so it cannot win militarily. Even if it could, it would be at the price of independence: Cuban and Soviet influence over policy—already high—would ripen into domination. The alternative, to reach a negotiated accommodation with Savimbi, may seem equally unappealing to the MPLA government, but in the end it cannot be denied that Savimbi has an Angolan constituency. (His major base of support is eroding, however, due to recent UNITA attacks on Ovimbundu villages sympathetic to the government.)

From Savimbi's point of view, negotiation is appealing. His heavy reliance on aid from the United States and South Africa undermines his credibility with black African states. He has declared his interest in sharing power and, although that may be easier said than done, it is also easier won in negotiations than in battle. Savimbi recently offered to allow the Benguela railroad to reopen, provided it would not transport war-related goods: although he might not follow through, the initiative may signal a new flexibility. Such a move would improve his standing in a region seeking to reduce its dependence on South African transit routes.

The interest of the Cubans is more difficult to discern. Although the economic cost of Cuba's involvement in Angola has been great, so has the political benefit. Cuba has gotten

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good mileage out of its victory in 1975. Now, however, the costs will go much higher. Cuban troops are beginning to join the Angolan army in the main infantry force, south of Luanda, rather than staying in their previous advisory roles in the more protected perimeters of the capital. Also, Savimbi's troops have begun attacking Cuban soldiers in northern Cabinda. This time, Cuban troops could suffer losses in the tens of thousands. That is causing Castro's foreign program to wear thin at home, especially in combination with the other problems faced by today's younger, nonprofessional Cuban soldiers, including distaste for the climate and distance from home, the increasing fear of AIDS (Acquired Immune Deficiency Syndrome) and other diseases of the African continent, the fear that they will, like soldiers before them, be reassigned outside Cuba if they are seriously wounded in order to shield the domestic population from the grisly reality—and the visceral reaction to being buried 5,000 miles from home, as the majority of Cuban fatalities have been thus far.

Finally, in addition to the high human cost, Cubans are paying more money for their Angolan involvement. Although exact figures are impossible to come by, in the past Angola paid Cuba much-needed hard currency for assistance, both military and civilian, estimated at over $300 million annually. But, with the dramatic price drop of petroleum from $45 to as low as $13 per barrel, Angola's ability to contribute its annual $400 million to $500 million to Cuba for its services in Angola dried up early last year. Arms, supplies and equipment are provided by the Soviet Union, totaling $4.5 billion since 1976, with $2 billion—almost half—supplied since 1984. But the cost to Cuba, without the hard currency from Angolan oil, is growing.

The initiative on this side to restart talks of course must come from Angola, not Cuba; if the MPLA is firm, Cuba would not block their resumption. But, notwithstanding the ominous signs of its own difficulties, Cuba will be loath to withdraw from Angola without some tangible and lasting benefit. Clearly the independence of Namibia is one possible benefit for which Cuba might be given some credit. Additionally, improved relations with the United States would have some benefit. Cuba is unlikely to leave without some such diplomatic victory, a fact that may rankle some policymakers but one which must be recognized.

The South African agenda is the most complex and the least

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commanding of sympathy. While any nation might claim the right to defend its borders, South Africa's concern about SWAPO's movements within Angola is not genuine; it should not be taken as sufficient justification for its actions. South Africa's activities constitute aggressive interference in the affairs of a neighboring state, and South Africa should not be permitted to disrupt again the prospects for a negotiated peace in southern Africa. Here Washington can use leverage more effectively to influence Pretoria than it has to date.

For one thing, Washington can support the Southern African Development Coordination Conference, which represents nine African nations (including Angola and Mozambique) trying to divert their trade links from South Africa, and the Export-Import Bank aid projects on the continent, not to mention education and medical aid for both emergency and nonemergency assistance. The United States can also encourage legislation permitting aid for the reopening of the Benguela railroad. Finally, it can exert pressure on allies such as Israel to cut off trade that is important to South Africa.

The United States, for its part, must navigate a very narrow passage in trying to reconcile its various interests in Angola and balance them with other regional interests. It should work for a resumption of negotiations between South Africa and Angola. The overriding aim should be to seek a long-term benefit in a stable democratic, representative government in Angola and to persuade the Cubans that by staying too long they are ignoring danger signs to their own future ability to achieve the Cuban agenda in Africa.

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RECENT BOOKS ON INTERNATIONAL RELATIONS

Edited by Lucy Edwards Despard

General: Political and Legal

John C. Campbell

JANUS AND MINERVA: ESSAYS IN THE THEORY AND PRACTICE OF INTERNATIONAL POLITICS. By Stanley Hoffmann. Boulder (Colo.): Westview Press, 1987, 457 pp. $39.95.

Putting together a collection of random and long-forgotten articles to make a book and pad a professor's list of publications is an old trick. In this instance, however, there is much to be said for the device, since the articles have not become stale and some are new in the sense that their prior appearance was in French publications or was restricted to a very limited readership. As a whole they represent a body of thought on international relations that is remarkably consistent even as it has evolved over the years. Covering a host of specific topics, with principal stress on system and order in international relations, security in the nuclear age, European-American relations and U.S. foreign policy, they reveal Hoffmann as a political philosopher in the mold of the late Raymond Aron, to whom he acknowledges a considerable debt. Hoffmann is no ideologist. He recognizes the ambiguous nature of international relations in both theory and practice—hence Janus; at the same time he does not shun normative prescription infused, he hopes, with wisdom—hence Minerva. Like those in the discipline who come under his sharp criticism, he is nothing if not controversial. Incidentally, George Weigel in his book *Tranquillitas Ordinis* deplores what he sees as Hoffmann's baleful though indirect influence on the directions taken by Catholic thought on war and peace in the past 20 years (see below).

TRANQUILLITAS ORDINIS: THE PRESENT FAILURE AND FUTURE PROMISE OF AMERICAN CATHOLIC THOUGHT ON WAR AND PEACE. By George Weigel. New York: Oxford University Press, 1987, 489 pp. $27.50.

The message is clear and oft-repeated: the American Catholic establishment has abandoned traditional thought on questions of war and peace derived from St. Augustine through Aquinas to Vatican II, a tradition that saw peace as inseparable from security and freedom in an ordered political community. This "failure," according to the author, has been marked by 20 years or so of relapse into pacifism, neoisolationism, Third World-ism and an unwillingness to confront the continuing threat of totalitarianism, culminating in the U.S. Catholic bishops' 1983 statement, "The Challenge of Peace," which he deplores. The policy debate, of course, has relevance for others as well as Catholics. Indeed, Weigel's arguments on current foreign policy issues such as arms control and Central America follow the same lines, stripped of the theological clothing, as those of the Reagan Administration in refuting its critics.

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THE JESUITS: THE SOCIETY OF JESUS AND THE BETRAYAL OF THE ROMAN CATHOLIC CHURCH. By Malachi Martin. New York: Linden Press, 1987, 525 pp. $19.95.

In Latin America, Martin says, an elite organization, which for over four centuries had as its sole purpose the propagation of the Roman Catholic faith and papal authority, has now allied itself with the Sandinista Marxists. By promoting a theology of liberation and class struggle over that of traditional Christian salvation, the Society of Jesus, says the author, has declared open warfare on the very institution it has vowed to defend; rather than convert souls, the order has chosen to promote secular change through revolution and social upheaval. Martin is unique in his ability to relate the ecclesiastic to the geopolitical, and his work affirms the axiom that ideas—political, social and theological—have consequence. James W. Davis, Jr.

ALCHEMISTS OF REVOLUTION: TERRORISM IN THE MODERN WORLD. By Richard E. Rubenstein. New York: Basic Books, 1987, 288 pp. $17.95.

One of the best of the recent spate of books on terrorism, rich in historical background, penetrating in its analysis of motives, measured in judging the challenge it presents to democratic societies. The author dismisses, rightly, conceptions of terrorists as all demented fanatics, common criminals or hit men directed by Moscow. They are mainly educated or half-educated youths from the upper or middle classes, with serious if unrealistic aims; they exist because political and social conditions have produced them. Taking stock of the various organizations and movements, the author seems on firmer ground with the "anarcho-communists" (Baader-Meinhof gang, Red Brigades, etc.) than with the left-nationalists and separatists, and he rather slights the thriving groups in the Middle East now causing most of the trouble. As for remedies, he finds improved intelligence and police work desirable but insufficient, and counterterrorism—"going to the source," as in the bombing of Libya—a cure that will only spread the disease. His concluding bit of advice will hardly strike Washington as being of much practical help: if Americans are targets of terrorism, it is because they are seen as representatives of imperialist and oppressive policies; to change that, America will have to change its sinful ways.

CLOSED BORDERS: THE CONTEMPORARY ASSAULT ON FREEDOM OF MOVEMENT. By Alan Dowty. New Haven: Yale University Press, 1987, 270 pp. $20.00. A Twentieth Century Fund Report.

The assault on the right of "individual self-determination" is not just a contemporary phenomenon, as the author shows in his rapid tour through the centuries. The twentieth century, however, has witnessed both increased formal recognition of human rights and the rise of totalitarian and other governments denying them in practice, as well as the erection of walls and electrified fences to keep people in and the employment of force to drive them out, to say nothing of the lesser forms of denial and control. Dowty is both chronicler of what has been and is, and advocate of what ought to be: a world without barriers to free movement. What would that mean for the communist countries? For the United States? If this country has already lost control of its borders, as some maintain, perhaps things would not be vastly different. The book may be utopian in its hope that

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the world's governments will ever yield on a matter deemed a question of sovereignty, but in its consistent devotion to principle it may well hold a key to practical betterment of the situation.

ORDERING THE OCEANS: THE MAKING OF THE LAW OF THE SEA. By Clyde Sanger. Toronto: University of Toronto Press, 1987, 225 pp. $30.00 (paper, $14.95).

The Law of the Sea negotiations, and the draft convention that emerged from them in 1982, have been written about at length, mainly to stress particular aspects of a subject that has abounded in legal complexities, military concerns, and the domestic and economic policies of more than a hundred states. The virtue of this work by a Canadian journalist is that he writes the whole story in lively language for the general reader. Sanger salutes the treaty as a signal achievement, and is not unduly worried about the Reagan Administration's refusal to sign. The provisions concerning the deep seabed, the sticking point, will not become a practical issue for many years, and this problem, like many others, may change shape and priority with the passage of time. Meanwhile, the task is to get on with working out and consolidating this large body of new international law.

COMMUNICATING POLITICS. Edited by Peter Golding, Graham Murdock and Peter Schlesinger. New York: Holmes & Meier, 1987, 241 pp. $35.00 (paper, $17.50).

British and American experts in political communication discourse on a variety of topics involving governments, the mass media and the public: journalists and public institutions, the uses of television, secrecy, manipulation of information, public ignorance, all the usual topics. Questions of foreign policy are not the main fare, but all the essays are relevant to the handling of international news. The American contributors are especially pointed in their criticism of both official Washington and the U.S. media for deceiving or shortchanging the public.

General: Military, Technological and Scientific

William G. Hyland

MANAGING NUCLEAR OPERATIONS. Edited by Ashton B. Carter, John D. Steinbruner and Charles A. Zraket. Washington: Brookings, 1987, 751 pp. $39.95 (paper, $18.95).

The new wave in strategic analysis is reflected by this hefty volume. There was a time when strategists were mainly concerned with the traditional counting and weighing of nuclear forces to determine the balance, and who had the advantage. As fears of a "bolt out of the blue" have faded, interest has shifted to the "management" of forces, which is broadly defined to include the how and why of nuclear strategy. Unfortunately, the technical nature of the subject leaves the lay reader further and further behind (there are five pages of abbreviations and acronyms). Among the many erudite essays, a few nuggets stand out. The Soviets, according to Stephen Meyer, would prefer a first-strike strategy but lack confidence in it, and therefore Moscow has more or less adopted a strategy of preemption. In the event of nuclear war or a nuclear crisis, there is a built-in tension between the strategist who wants great flexibility, and the actual command systems

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which tend in the other direction—that of limiting options. Theodore Jarvis concludes that while strategic defenses on both sides would complicate planning for an offensive strike, the existence of strategic defense would perforce mean granting some degree of automation in the decision to use weapons. A great paradox is that delegating authority to use nuclear weapons may increase deterrence, while maintaining all authority in one central place (i.e., with the president) could create vulnerabilities.

ESSAYS ON ARMS CONTROL AND NATIONAL SECURITY. Edited by Bernard F. Halloran. Washington: United States Arms Control and Disarmament Agency, 1987, 395 pp. $12.00 (paper).

This book is an answer to a researcher's prayer: in one volume a collection of classic and near-classic articles has been assembled by the Arms Control and Disarmament Agency to honor its 25th anniversary. The essays span almost 40 years, starting with one of Bernard Brodie's pieces in 1948 and ending with "Maintaining Global Stability" by James Schlesinger. Still provocative and worth rereading is Thomas Schelling's "What Went Wrong With Arms Control?", in which he suggests that effective arms control ended with the ABM treaty in 1972. Notably absent from this collection, as well as many similar ones, is an essay evaluating the 25-year record of the agency itself.

NUCLEAR FALLACY: DISPELLING THE MYTH OF NUCLEAR STRATEGY. By Morton H. Halperin. Cambridge: Ballinger, 1987, 173 pp. $19.95.

This slender essay marks the return to the strategic field of Halperin, who coauthored (with Thomas Schelling) *Strategy and Arms Control*, one of the pioneering works in arms control studies. Halperin argues that most of the history of nuclear confrontations since the 1940s has become myth: nuclear threats were "never" decisive in these crises; but the mythology has imprisoned American strategy, and created a dangerous reliance on nuclear threats. His solution is a familiar one: disavow any military use of nuclear weapons except in extreme circumstances and then only for "demonstration." Under the Halperin alternative, the president would inform the joint chiefs of staff never to plan on using any nuclear weapons.

RELUCTANT WARRIORS: THE UNITED STATES, THE SOVIET UNION, AND ARMS CONTROL. By Coit D. Blacker. New York: Freeman, 1987, 193 pp. $12.95 (paper).

A straightforward chronological narrative and analysis of arms control negotiations and maneuvering between the two superpowers. The author strives for and achieves an objectivity rare in this field. He concludes on a mild note of pessimism because each superpower is still too suspicious of the other's intentions. For the near term, he argues that to prevent matters from worsening the two sides should reaffirm and stick to the ABM treaty, rather than risk the unknown of SDI.

THE CAUSES AND PREVENTION OF WAR. By Seyom Brown. New York: St. Martin's, 1987, 274 pp. $32.50.

The author's approach is not to study the causes of particular wars, but to examine a wide variety of potential contributing causes. He carefully and systematically goes through both functional and structural issues that

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bear on the causes of war, and then turns to how war might be prevented. He rejects single causes as well as single prescriptions but tends to put some faith in arms control; equally important, he insists, is an effort through diplomacy to reduce the bipolarity of the international system created by the policies of the superpowers and, operationally, to work to reinforce the "firebreak" between conventional and nuclear war.

General: Economic and Social

William Diebold, Jr.

TOWARD WORLD PROSPERITY: RESHAPING THE GLOBAL MONEY SYSTEM. By Irving S. Friedman. Lexington (Mass.): Lexington Books, 1987, 317 pp. $24.95.

Neither the borrowers nor the lenders are the villains of the debt crisis, according to this analysis. The basic trouble lies in the international financial system, which is "50 years behind national financial systems." How to close the gap is the burden of this rich and stimulating book, which includes a long list of quite concrete proposals ranging from more stable exchange rates to the creation of new private banking bodies. Only if there is world economic growth can debt issues be dealt with and creditworthiness restored. For growth, greatly expanded development financing is needed, much of it to be provided through the World Bank and the regional development banks, while the IMF, he argues, should concentrate on balance-of-payments financing and the relations among industrial countries. Some people will think that Mr. Friedman asks for too much, others that he makes it sound too easy. He should, however, be read; not least because he has been close to many of the matters he talks about in his years at the U.S. Treasury, the IMF, the World Bank and several commercial banks.

IDEOLOGY AND NATIONAL COMPETITIVENESS: AN ANALYSIS OF NINE COUNTRIES. Edited by George C. Lodge and Ezra F. Vogel. Boston: Harvard Business School Press, 1987, 350 pp. $25.95.

If ideology can be called "the hymns a community sings to justify and make legitimate what it is doing, or, perhaps, what it would like to do," then, when the words are too far from reality, there is tension that keeps a country from performing as well as it could. The comparative studies in this volume suggest that Japan, Korea and Taiwan rank high in "ideological coherence and adaptability to their environment" while Britain, Mexico and the United States are at the bottom of the list, with Germany, France and Brazil in between. Some of the essays focus more on institutions and practices than on ideology, but the effort is an interesting one. Individualism and communitarianism are the two poles, but every country's mix is more complicated than that.

THE GLOBAL STRUGGLE FOR MORE: THIRD WORLD CONFLICTS WITH RICH NATIONS. By Bernard D. Nossiter. New York: Harper & Row, 1987, 254 pp. $20.00. A Twentieth Century Fund Essay.

This lively account of the rise and fall of efforts to create a New International Economic Order is full of facts and tough judgments: "For all practical purposes, the South's grandiose ambition is dead." Mr. Nossiter would end national aid programs. No good solutions are in sight for the

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debt issue or trade problems unless the industrial countries become prosperous once more. Many international problems will remain and this book provides a good review of what they are, along with suggestions for what developing countries have to do for themselves.

BALANCING THE NATIONAL INTEREST: U.S. NATIONAL SECURITY EXPORT CONTROLS AND GLOBAL ECONOMIC COMPETITION. By the Panel on the Impact of National Security Controls on International Technology Transfer. Washington: National Academy Press, 1987, 321 pp. $24.95.

This report, by a panel established by a complex of associations around the National Academy of Sciences, is the best on the subject to have been published in the 40 years that the United States has exercised controls on exports that might add to Soviet power. It includes interesting, detailed accounts of missions to other countries. Existing practices and some of the efforts of the Defense Department to add to restrictions are severely criticized. The conclusions are to keep controls because they do affect the U.S.S.R., but to accord greater importance to "maintaining U.S. technological strength, economic vitality, and allied unity." The findings depend heavily on tightening multilateral export controls, and this may be the Achilles' heel of the recommendations.

MULTINATIONALS FROM THE SECOND WORLD: GROWTH OF FOREIGN INVESTMENT BY SOVIET AND EAST EUROPEAN STATE ENTERPRISES. By Carl H. McMillan. New York: St. Martin's, 1987, 220 pp. $29.95.

For years, Professor McMillan of Carleton University in Ottawa has been assembling the scattered facts about the investments of the Soviet Union and its East European allies in the Western industrial countries and the developing world. In this very valuable book he presents a remarkable amount of data, both aggregated and in descriptive detail. His concise analysis of the banking, trading, manufacturing and service companies focuses on organization, function and location; on differences among the Eastern countries; and on the place of this investment activity in their economic plans and policies.

LA PERLA E L'OSTRICA: ALLE FONTI DELLA POLITICA GLOBALE DEGLI STATI UNITI. By Carlo Maria Santoro. Milan: Franco Angeli, 1987, 378 pp.

In this wide-ranging work, an Italian scholar argues that the foundations for two basic concepts of postwar American foreign policy—national security and interdependence—were laid in the period between the fall of France and Pearl Harbor. Santoro refers to the War and Peace Studies of the Council on Foreign Relations as "one of the first examples of systematic reflection and basic policy proposals" on these matters, giving particular attention to a series of studies of the economic importance of Britain and other areas to the United States and to an early assessment of the significance of Greenland and Iceland to the defense of the western hemisphere. He shows very perceptively how this kind of thinking transformed traditional "internationalist" views into "an infrastructure of 'globalist' concepts which was completed in the postwar shaping of the world." This is an excellent and highly original piece of work.

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BEYOND NATIONAL BORDERS: REFLECTIONS ON JAPAN AND THE WORLD. By Kenichi Ohmae. Homewood (Ill.): Dow Jones-Irwin, 1987, 128 pp. $16.95.

"The Japanese are concerned only about themselves. . . . [They] are very likely to abandon any pretense of diligence if not watched constantly. . . . A transition from Japanese- to American-style management has already become a general necessity in Japan. . . . " Such jolting remarks—addressed originally to Japanese readers—are among the high spots of this book by a partner in McKinsey & Co., an international management consulting firm. He says things about trade, communication, nationalism and the organization of multinational firms that apply to Americans and others as well. Many of the examples in this cross between a sermon and a pep talk concern the success of American firms in Japan.

U.S. TRADE POLICIES IN A CHANGING WORLD ECONOMY. Edited by Robert M. Stern. Cambridge: MIT Press, 1987, 433 pp. $25.00.

This good collection of papers reflects the continuing efforts of economists to come to grips with a trading world not fully covered by classical theory. There are some interesting but not altogether conclusive applications of econometrics to history.

MULTINATIONAL CORPORATIONS, ENVIRONMENT, AND THE THIRD WORLD. Edited by Charles S. Pearson. Durham (N.C.): Duke University Press, 1987, 295 pp. $46.50 (paper, $17.95). A World Resources Institute Book.

The accident at Bhopal is only one of the interesting case studies in this useful exploratory book. The supposed choice between economic growth and improved environmental quality is disputed not only between government and business but among different branches of government as well. The editor sums up by saying that while understanding has improved and there has been some easing of the sharp conflicts, "the results . . . are distressingly modest."

MULTINATIONALS, TECHNOLOGY, AND INDUSTRIALIZATION: IMPLICATIONS AND IMPACT IN THIRD WORLD COUNTRIES. By Katherin Marton. Lexington (Mass.): Lexington Books, 1986, 304 pp. $32.00.

For a single volume this is a remarkably thoroughgoing consideration of the many alternative arrangements by which private businesses transfer technology to developing countries. Professor Marton of Fordham University examines a series of industrial sectors, along with the policies and experiences of India, Brazil, Korea and Mexico. She considers the limits on government regulation of multinational firms, the kinds of bargains that can most usefully be struck and the conditions that are most (and least) conducive to the long-run development of local technological capacities.

TRADING TECHNOLOGY: EUROPE AND JAPAN IN THE MIDDLE EAST. By Thomas L. Ilgen and T. J. Pempel. New York: Praeger, 1986, 192 pp. $37.95.

This thoughtful elaboration of work originally done for the Office of Technology Assessment examines the experience of Britain, France, Germany and Japan in the Middle East after 1973. The authors find that

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historical ties matter, along with industrial prowess, and that the suppliers of technology vary considerably in how they assess their own interests in the process. They see bilateral transfers as more in the interests of both parties than those running through multilateral or regional organizations, and expect the growth of management contracts to provide a more satisfactory arrangement than some of the forms that dominated in the past.

THE UTILITY OF INTERNATIONAL ECONOMIC SANCTIONS. Edited by David Leyton-Brown. New York: St. Martin's, 1987, 320 pp. $32.50.

Sixteen chapters examine the major postwar cases of economic sanctions "as tools in specific peacetime conflict situations." Inevitably they cover much ground that has been dealt with by others and reach broadly similar conclusions. There is, however, extra value in the volume since most of the authors are Canadian academics who examine the experience of their own country and reflect views omitted from other studies. Relations with the United States are discussed in a number of papers, and they are the main topic of the editor's chapter on extraterritoriality and of John Kirton's study of consultation between the two countries in 1979–82, a period that covers the crises in Iran, Afghanistan and Poland and the Falkland Islands war.

The United States

Gaddis Smith

NIXON: THE EDUCATION OF A POLITICIAN, 1913–1962. By Stephen E. Ambrose. New York: Simon & Schuster, 1987, 695 pp. $22.95.
THE FOREIGN POLITICS OF RICHARD NIXON: THE GRAND DESIGN. By Franz Schurmann. Berkeley: Institute of International Studies, University of California, 1987, 403 pp. $18.50.
THE WORLD AND RICHARD NIXON. By C. L. Sulzberger. New York: Prentice Hall Press, 1987, 252 pp. $18.95.

These three volumes will, each in its way, contribute to the rehabilitation of Mr. Nixon's reputation. The first—by a fine historian and biographer of Dwight D. Eisenhower—is a straightforward, no-nonsense political biography covering Nixon's career up to his 1962 defeat as a candidate for governor of California. Another volume will follow. Mr. Ambrose admits that he had never admired Mr. Nixon and had to be persuaded to undertake this work. But he is fair, giving Mr. Nixon full credit for intelligence, an extraordinary capacity for work, political skill and responsible behavior as vice president. On the other hand, he adds many details to the familiar story of a cold, ruthless campaigner suppressing or simply lacking the qualities of grace and compassion.

Mr. Schurmann's study is a repetitious blend of insight and the obvious. The argument that President Nixon's approach to the Soviet Union and China was innovative, constructive and his own (not merely borrowed from Henry Kissinger) is sound, but no longer startling. The best part of the book deals with the inapplicability of the "grand design" to the realities of the Third World. Most of the book was written in 1975–76; it would have had more impact had its publication not been delayed for a decade.

Mr. Sulzberger's *The World and Richard Nixon* is a fulsome tribute, a

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collection of long quotations by and about Mr. Nixon (many drawn from the author's diaries and interviews conducted over the years, including a long 1986 interview with his subject). Some of the material has been previously published.

IDEOLOGY AND U.S. FOREIGN POLICY. By Michael H. Hunt. New Haven: Yale University Press, 1987, 237 pp. $22.50.

This is a subtle critique and analysis of what the author calls a "slippery" subject. He finds both the economic/ideological approach of William Appleman Williams and the moralism/realism dichotomy of George F. Kennan narrow or anemic explanations of how ideology and foreign policy interact. His idea of the American attitude, from the late eighteenth century to the present, is of a three-part system of self-congratulatory promotion of liberty abroad, a tendency to view others on the basis of a racial hierarchy, and a profound antipathy to social revolution. The book is clearly written and historically sound. The analysis "works" when applied, for example, to the Vietnam War or current policy toward Central America.

ON POWER AND IDEOLOGY: THE MANAGUA LECTURES. By Noam Chomsky. Boston: South End Press, 1987. 140 pp. $8.00 (paper).

Mr. Chomsky's views ("the primary concern of U.S. foreign policy is to guarantee the freedom to rob and to exploit") are virtually identical with the views of the Sandinistas and other Nicaraguans in support of their revolution. These 1986 lectures delivered in Managua are therefore a good source for an understanding of the present hostile dialogue between the two governments.

PRESIDENTIAL TRANSITIONS AND FOREIGN AFFAIRS. By Frederick C. Mosher, W. David Clinton and Daniel G. Lang. Baton Rouge: Louisiana State University Press, 1987, 281 pp. $25.00.

A clear, useful discussion of an important subject. The authors present case studies of the five electoral transitions since 1952: Truman to Eisenhower, Eisenhower to Kennedy, Johnson to Nixon, Ford to Carter, and Carter to Reagan. They note that transitions are least turbulent when the incumbent president is not a candidate for reelection and that the principal legacy of transitional periods has been delay. The volume can serve as a handbook for those involved with and commenting on future transitions.

AMERICAN PUBLIC OPINION AND U.S. FOREIGN POLICY 1987. Edited by John E. Rielly. Chicago: Chicago Council on Foreign Relations, 1987, 40 pp. $5.00 (paper).

Present and future analysts of American attitudes toward the world are blessed with a valuable resource in the continuing series of opinion polls conducted by the Chicago Council on Foreign Relations. This is the fourth such survey of attitudes toward major issues of international relations, taken at four-year intervals since 1974. As before, the polling technique is sophisticated, the questions artfully framed to elicit just the degree of specificity and generality appropriate for a sensitive reading of public opinion. The major shift revealed by comparison with the 1970s is that the "inward-looking" attitudes of the post-Vietnam decade are receding; now, the 1987 survey concludes, news concerning America's relations with other countries ranks second in public interest after local events, having overtaken

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national news. Not the least admirable quality of the Chicago survey is that, for all its statistical data, the report is lucid and cohesive as a narrative essay, worthy of being read as well as consulted. Peter Grose

PRESIDENTS AND FOREIGN POLICY MAKING: FROM FDR TO REAGAN. By Cecil V. Crabb, Jr., and Kevin V. Mulcahy. Baton Rouge: Louisiana State University Press, 1986, 359 pp. $37.50 (paper, $15.95).

Here is a very competent synthesis of the bulk of published commentary on one of the most heavily studied subjects in American politics, a fine introduction for the layman and reference for experienced scholars and practitioners. The authors call for stronger presidential control of foreign policy through more power for the secretary of state or the national security adviser or both. They also recommend that the vice president be assigned major responsibility as a true "second in command."

A QUESTION OF TRUST—THE ORIGINS OF U.S.-SOVIET DIPLOMATIC RELATIONS: THE MEMOIRS OF LOY W. HENDERSON. Edited by George W. Baer. Stanford: Hoover Press, 1986, 573 pp. $44.95.

Loy Henderson (1892–1986) ranks among the most important dozen or so American Foreign Service officers of this century. These memoirs, written after he retired in 1961, concentrate on his intimate involvement with U.S.-Soviet relations up to 1938: the period of nonrecognition, the negotiations of 1933, and the problems of representation in Moscow during the tenure of Ambassadors William G. Bullitt and Joseph E. Davies. The style is formal and discreet, reminiscent of the thousands of solid memoranda and cables Henderson wrote during his long career. He is charitable toward fellow Americans, dour and without illusions about Soviet leaders and their policies. The introduction by George Baer is helpful and perceptive.

A DEATH IN NOVEMBER: AMERICA IN VIETNAM, 1963. By Ellen J. Hammer. New York: Dutton, 1987, 373 pp. $22.50.

American complicity in the overthrow and death of South Vietnam's President Ngo Dinh Diem is scarcely the world's best-kept secret, but Ellen Hammer has subjected the whole story to a detailed and very critical scrutiny, concentrating on the period January-November 1963. She tells of the Kennedy Administration's growing disenchantment with Diem, in large part because of his brother Ngo Dinh Nhu who, it was feared, was contemplating a deal with the North Vietnamese. Most intriguing, because of its resemblance to the Iran/contra affair, is the story of how three players—Averell Harriman, Roger Hilsman and Michael Forrestal—made end runs around an inattentive Kennedy and all his top officials (Rusk, McNamara, Taylor, McCone) and sent a signal to the American embassy in Saigon to back a military coup against Diem. Kennedy was reportedly shocked at the subsequent assassination of Diem and Nhu and complained that his advisers "had served him badly." But the author reasonably observes that "it seemed inconceivable that [Kennedy] had not realized that if the Americans unleashed a coup d'état in Saigon it could lead to murder." Another sorry tale, well told. Lucy Despard

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UP 'TIL NOW: A MEMOIR. By Eugene McCarthy. San Diego: Harcourt Brace Jovanovich, 1987, 273 pp. $16.95.

The author's brief comments on American politics and his own role therein since 1948 are sharp and often snide. His prescriptions for the future, based on an idiosyncratic analysis of the United States as a colony of much of the rest of the world, are an amalgam of anticorporate populism and isolationist nationalism.

REEVALUATING EISENHOWER: AMERICAN FOREIGN POLICY IN THE FIFTIES. Edited by Richard A. Melanson and David Mayers. Champaign: University of Illinois Press, 1987, 277 pp. $26.95.

Most of the nine essays in this excellent collection are based on deep, original research. They follow no single line, but the tendency is post-revisionist, suggesting that the recent celebration of President Eisenhower's skill and wisdom may have gone too far. For example, pieces by Richard Immerman (on Dien Bien Phu), Thomas Zoumaras (economic policy toward Latin America), and William Stivers (Middle East) stress narrow vision, weak leadership and contradictions.

FORGING THE ATOMIC SHIELD: EXCERPTS FROM THE OFFICE DIARY OF GORDON E. DEAN. Edited by Roger M. Anders. Chapel Hill: University of North Carolina Press, 1987, 309 pp. $27.95.

Gordon Dean was a member and then chairman of the Atomic Energy Commission from 1949 to mid-1953, the period during which the Soviets detonated their first atomic device and both superpowers embarked on the thermonuclear arms race. Most of this fascinating volume consists of notes of telephone conversations kept by his secretary. There are also some letters and memoranda, for example, on how American nuclear superiority might be used to coerce the Soviets into disarming along the lines of a revived Baruch Plan. An important source, but not for those who know little of the subject.

ROOSEVELT CONFRONTS HITLER: AMERICA'S ENTRY INTO WORLD WAR II. By Patrick J. Heardon. DeKalb: Northern Illinois University Press, 1987, 328 pp.

Following the inspiration of William Appleman Williams, the author argues that the Nazi threat to the American vision of an open economic international system was the central reason the United States went to war. Following different assumptions, other historians have made an equally strong case for the primacy of strategic military concerns. The two points of view, however, may represent a distinction without a fundamental difference.

THE LOBBY: JEWISH POLITICAL POWER AND AMERICAN FOREIGN POLICY. By Edward Tivnan. New York: Simon & Schuster, 1987, 288 pp. $17.95.

This book is about the rise and accomplishments of the American-Israeli Public Affairs Committee (AIPAC) as a lobby of unprecedented influence over Congress. One cannot write on this subject without a point of view, and Mr. Tivnan's is that AIPAC has stifled even the most moderate criticism of its hard-line Beginesque stance, thereby injuring the interests of Israel, the United States and peace in the Middle East. He believes that it is wrong

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for Israel to occupy and annex the West Bank and that the PLO must have a voice in a settlement. His research is sound and his tone temperate, but somber.

THE PATHOLOGY OF POWER. By Norman Cousins. New York: Norton, 1987, 214 pp. $15.95.

Mr. Cousins, for the last decade a professor of humanities at the UCLA Medical School, writes with passionate indignation over what he sees as the mad, immoral domination of the military-industrial-technological complex over American life. The best parts of the book are philosophical, the least interesting retell the familiar story of various extravagant and ineffective weapons.

BREAKING THE RING: THE BIZARRE CASE OF THE WALKER FAMILY SPY RING. By John Barron. Boston: Houghton Mifflin, 1987, 244 pp. $17.95.

A readable account, focusing on personalities, of the rise and collapse of the spying-for-pay operations of onetime U.S. Navy communications specialist John Walker and his associates. This is a tale of an appalling breach of security lasting from 1968 to 1985. No wonder the affair shook the U.S. government profoundly.

The Western Hemisphere

Robert D. Crassweller

PARTNERS IN CONFLICT: THE UNITED STATES AND LATIN AMERICA. By Abraham F. Lowenthal. Baltimore: Johns Hopkins, 1987, 235 pp. $19.95.

A thoughtful, wide-ranging analysis of U.S. policy in Latin America and the Caribbean, with recommendations to match. One theme is pervasive: U.S. dominance has declined because of underlying economic, social, technological and military trends that have wrought fundamental changes in the distribution of power in the hemisphere; the old preponderance cannot be restored; and the U.S. therefore should move from dominance to cooperation. Two of the six chapters are devoted to relations with Mexico and Brazil, and a third concerns the Caribbean Basin. An important book.

BORDERING ON TROUBLE: RESOURCES AND POLITICS IN LATIN AMERICA. Edited by Andrew Maguire and Janet Welsh Brown. Bethesda (Md.): Adler & Adler, 1986, 417 pp. $24.95 (paper, $14.95). A World Resources Institute book.

Latin America's pursuit of growth and stability is impeded and threatened less by economic and political factors than by resource and environmental mismanagement and by population pressures, according to the contributors to this volume, who urge firm backing from the U.S. in the solution of such transnational challenges. The emphasis is on the Caribbean nations, the northern rim of South America, and Brazil, although several essays are more broadly based, including one on the Alliance for Progress in retrospect.

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AUTHORITARIANS AND DEMOCRATS: REGIME TRANSITION IN LATIN AMERICA. Edited by James Malloy and Mitchell Seligson. Pittsburgh: University of Pittsburgh Press, 1987, 286 pp. $25.95 (paper, $12.95).

Attempting to fathom the dynamics and prospects of Latin American evolution, the authors of these essays conclude that "there is no unilinear tendency toward [either] democracy or authoritarian rule. Rather, the predominant pattern is cyclical, with alternating democratic and authoritarian 'movements'. . . . Both tendencies are rather strong." The treatment covers a wide geographical range and a broad diversity of examples. An interesting and helpful study.

PERÓN AND THE ENIGMAS OF ARGENTINA. By Robert D. Crassweller. New York: Norton, 1987, 393 pp. $22.95.

Part biography, part sociological study of the national character that Juan Perón both epitomized and signally influenced. It is well researched, drawing on the leader's voluminous writings, but leaves some matters unresolved, such as Perón's attitude toward and his deputies' role in the violence of the 1950s and of the Montoneros. The author limns this distinctive Hispanic-Creole civilization, with its passionate devotion to and search for community at war with the individualism of the Castilian and the gaucho. Perón, no mere personalist *caudillo*, attempted a resolution: "Individualism is anarchy, collectivism is dictatorship, and between them is *Justicialismo*." This doctrine justified authoritarianism to organize society for populist and nationalist ends. In Crassweller's judgment, Perón (and Evita) brought about "as organized a community . . . as Argentina was to achieve." The sociological analysis falters in explaining the extremist nation's sudden rejection of Perón in 1955. Another cycle, and his politicking, brought Perón back from exile; all this is superbly illuminated. Yet the prospects of Peronism without Perón are left "included among the enigmas."

Linda Robinson

ECONOMIC HISTORY OF PUERTO RICO: INSTITUTIONAL CHANGE AND CAPITALIST DEVELOPMENT. By James L. Dietz. Princeton: Princeton University Press, 1987, 337 pp. $65.00 (paper, $20.00).

The author of this historical analysis that goes back to the era of the conquest favors an "internal growth dynamic" for Puerto Rico. He admits that gains have occurred under Operation Bootstrap, but distinguishes growth from development and questions the reliability of trickle-down as a redistribution mechanism. In particular, he criticizes the "structure of disarticulated production" that has required large subsidies for housing, food, etc., seeing in these the costs and dangers of a development program based on capital-intensive, foreign-owned, vertically integrated and export-oriented corporate expansion.

THE JAGUAR SMILE: A NICARAGUAN JOURNEY. By Salman Rushdie. New York: Viking, 1987, 170 pp. $12.95.

The intellectual objectivity of an Indian journalist and novelist struggles against his Third World sympathies and his naïveté, and comes off a distant second. The writing, recounting a three-week visit to Nicaragua, is graceful

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and absorbing. But it is at the service of ideology, and the author celebrates the findings that faith had certified in advance.

THE CARIBBEAN EXODUS. Edited by Barry B. Levine. New York: Praeger, 1986, 240 pp. $39.95 (paper, $14.95).

In a very broadly based treatment of the huge Caribbean emigration to the United States and Europe, the authors recount in depth the historical, cultural and economic forces at work and the problems experienced by the restless migrants, at home and abroad. The account extends to Mexico and Puerto Rico as well as to Central America and the island nations, and it attempts to locate these movements within the broadest possible framework. Well done.

CLOSE NEIGHBORS, DISTANT FRIENDS: UNITED STATES-CENTRAL AMERICAN RELATIONS. By John H. Findling. Westport (Conn.): Greenwood Press, 1987, 240 pp. $35.00.

This is a scholarly journey back into time, into earlier eras of Central American relations with the United States. But the purpose is more than merely academic, since the author concludes that the many legacies of the past make it very difficult for the U.S. to function as an effective arbiter of present crises. "Any settlement that will lead to the United States becoming a close neighbor and a close friend to all the people of Central America will probably have to be done by others." There are no specific policy recommendations, but there is a hint of praise for a posture of "official, benign neglect."

US POLICY AND REGIONAL SECURITY IN CENTRAL AMERICA. By Edward Best. New York: St. Martin's, 1987, 182 pp. $32.50.

In this investigation of the origins of current U.S. policy in Central America, its development over time and its present perspectives, the author concludes that the three alternatives are military intervention, containment and coercion, or settlement. He favors an effective security agreement with Nicaragua, but notes that at some point the U.S. will have to find new ways to counter the challenge of Cuba's role if a durable regional stability is to be achieved.

Western Europe

Fritz Stern

THE ITALIANS AND THE HOLOCAUST. By Susan Zuccotti. New York: Basic Books, 1987, 334 pp. $19.95.

MEMOIRS OF A FORTUNATE JEW: AN ITALIAN STORY. By Dan Vittorio Segre. Bethesda (Md.): Adler & Adler, 1987, 274 pp. $16.95.

Susan Zuccotti has written a major work that integrates the story of individual lives with the general history of Italian Jewry during World War II: at once an evocation and a deeply empathetic analysis. The rate of survival among Italian Jewry was exceptionally high, but why, the author wonders, in a country largely free of anti-Semitism were many allowed to perish? The drama of life at a time of unimaginable trials is carefully, poignantly reconstructed, as are the acts of courage and baseness and the

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inexplicable accidents of fate. A moving, marvelously balanced study, an example of truly humane scholarship, which asks profound questions about the holocaust and provides a knowledgeable portrait of Italian society under fascism. Professor Segre's book is a brilliant recollection of youth spent in fascist Italy with a fascist father who in 1939 helped his 17-year-old son to emigrate to Palestine. Memorable vignette of several lives and cultures.

BRITAIN AND THE VATICAN DURING THE SECOND WORLD WAR. By Owen Chadwick. New York: Cambridge University Press, 1987, 332 pp. $39.50.

A distinguished historian, using new sources, has written a slight, almost whimsical study of British wartime ties with the Vatican, concentrating on the activities of the longtime British ambassador who had a rather compassionate appreciation of the ever-procrastinating Pius XII. New aspects of the Vatican's relations with fascism and Nazism and its wartime activities in general.

ADENAUER: DER AUFSTIEG, 1876–1952. By Hans-Peter Schwarz. Stuttgart: Deutsche Verlags-Anstalt, 1986, 1,024 pp. DM49.80.

A well-known political scientist with expert knowledge of postwar history has written a splendid account of Adenauer's first 76 years, with new material and admirable judiciousness. Arguably Germany's greatest statesman after Bismarck, Adenauer was a major political presence in the Weimar Republic, a political outcast under the Nazis, and the key figure in the uncertainties of the immediate postwar period. Stubborn, cunning, authoritarian, he was deceptive and divisive in domestic politics, brilliant in dealing with the occupying powers. His major goal was a firm integration with the West; his (often secretive) initiatives in establishing West German rearmament a means to that end. This first volume of his biography—in all its breadth—is a major, readable achievement, and should inform the continuing debate over Adenauer's role in Germany's postwar rehabilitation and division.

THE DILEMMAS OF AN UPRIGHT MAN: MAX PLANCK AS SPOKESMAN FOR GERMAN SCIENCE. By J. L. Heilbron. Berkeley: University of California Press, 1986, 238 pp.

An outstanding biography of one of the great scientists of the century, set in the context of German history and scientific development, with a fine sense for the political and moral quandaries that Planck faced in the political upheavals of the Great War and the Third Reich. Heilbron, a distinguished historian of science, makes excellent use of important new material.

A VOICE FROM GERMANY. By Richard von Weizsäcker. New York: Weidenfeld & Nicolson, 1986, 112 pp. $12.95.

An eloquent voice, honest, instructive and searching. Six speeches by the president of the Federal Republic, including his justly celebrated speech on the 40th anniversary of Germany's unconditional surrender. Rare among today's Western statesmen, Weizsäcker seeks to promote his countrymen's political education. A patriot who wants his people to accept their past, to acknowledge their special burden ("We are all responsible for unspeakable sorrow that occurred in the name of Germany") and to ponder their obligations at a time of national division. Amidst so much prettifying

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mediocrity and occasional nationalism, Weizsäcker's seriousness is all the more inspiring.

BERLIN DIARIES, 1940–1945. By Marie Vassiltchikov. New York: Knopf, 1987, 324 pp. $19.95.

Memoirs of a young Russian princess who sees the Third Reich in wartime from the position of privileged aristocracy. Some of her close friends and some of her superiors at the German Foreign Office, where she worked, became the heroes of the 20th-of-July plot against Hitler, and on this aspect as on the horrors of bombings and wartime deprivations she is a superb, immediate witness. She says almost nothing about the Nazi atrocities—an unwitting witness to an even greater silence. An extraordinary record, one of the best from wartime Germany.

"SCHREIBEN, WIE ES WIRKLICH WAR." AUFZEICHNUNGEN KARL DÜRKEFÄLDENS AUS DEN JAHREN 1933–1945. Edited by Herbert and Sibylle Obenaus. Hannover: Fackelträger, 1985, 136 pp. DM9.80.

Diary excerpts from a German white-collar worker in a small town who out of relentless curiosity collected and recorded details about the ease of Hitler's consolidation of power, about the pogrom of November 1938 and the wartime atrocities against Jews, Poles and Russians. A telling witness to Richard von Weizsäcker's insistence that all Germans knew something of the persecution of their Jewish neighbors and of wartime atrocities. Disturbing in its very simplicity.

THE BLACK AND THE RED: FRANÇOIS MITTERRAND—THE STORY OF AN AMBITION. By Catherine Nay. San Diego: Harcourt Brace Jovanovich, 1987, 416 pp. $19.95.

A popular biography with a rather deceptive title: Mitterrand's has been a rich, ambitious life of great duality, but there has been nothing particularly Stendhalian about it. An anecdotal, breezy account of his rise in French politics, including his outmaneuvering of the Communists, whom he courted even as he always opposed them. Nay believes he wanted to become a "left-wing De Gaulle"; he has not. A secretive man, with perhaps few secrets, he remains elusive in a book that gives meager references to the sources used.

LE TRAVAIL D'UNE VIE: MEMOIRES 1911–1986. By Robert Marjolin. Paris: Laffont, 1986, 445 pp.

From the summer of 1947, when he played a key part in drafting the European response to the Marshall Plan, until 1967, when he left the Commission of the European Economic Community after two terms as vice chairman, Robert Marjolin, who died last year, was at the center of the processes of European integration. Consequently, the long sections of this book devoted to those years constitute a historic document. Though succinct and selective, the account is punctuated by careful assessments of what it all meant. There is, however, much more to these memoirs. A poor boy, Marjolin left school and went to work at 14 but then entered the Sorbonne; before graduating he spent a year in the United States, where the Depression and the New Deal turned him from philosophy to economics; during the war he was in North Africa and London until Jean Monnet took him

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to Washington; he spent years on the boards of American and European multinationals. The combination of telling detail, reflections on the large issues that engaged him and some pointed comment makes this a most attractive book. William Diebold, Jr.

THE RED AND THE BLUE: CAMBRIDGE, TREASON AND INTELLIGENCE. By Andrew Sinclair. Boston: Little Brown, 1987, 179 pp. $17.95.

A breezy, inadequately documented story of the two groups in prewar Cambridge that included moles and suspected moles: the literary group—the Apostles—and the Cavendish Laboratory, with its superb achievements and the enigmatic presence of the Soviet physicist Peter Kapitsa. Here is a glimpse of earlier British life, of secrecy, arrogance and scandals, but a thorough account remains to be written.

The Soviet Union and Eastern Europe

John C. Campbell

THE WAKING GIANT: GORBACHEV'S RUSSIA. By Martin Walker. New York: Pantheon, 1987, 298 pp. $17.95.

The Moscow correspondent of *The Guardian* reports on his tour of duty there over the past three years. While there is a certain sameness to books by Western journalists on the Soviet Union, Walker's has the advantage of being up to date and sharp in seeing the realities behind the facade. He is convinced that Western, especially American, understanding of Soviet society is woefully inadequate—although he excepts American diplomats and journalists in Moscow from this judgment. He takes Gorbachev very seriously as representing an irreversible social revolution that has taken place since Stalin's day—including the rise of a new class with its own imperatives—a revolution that makes Gorbachev's push for reform not only possible but inevitable. A good book to have at hand as the Gorbachev era unfolds.

QUALITY OF LIFE IN THE SOVIET UNION. Edited by Horst Herlemann. Boulder (Colo.): Westview Press, 1987, 192 pp. $22.50. A Special Study of the Kennan Institute for Advanced Russian Studies.

The subject presents obvious difficulties. What is it that makes life worth living? How do you measure or quantify quality, especially in a country that does not lend itself to the kind of studies sociologists carry out in the West? The German and American scholars contributing to this book have done their best to overcome these difficulties, and the result is a series of sharply etched statements on living standards, trends in consumption, housing, services, medical care, education, working conditions and alcoholism. The picture is not the one Soviet propaganda presents to the world, yet this is low-key academic analysis, not counterpropaganda. Some comparisons are made with the West, with Eastern Europe and with the U.S.S.R.'s own past, but they do not constitute the main message of the book. Further study on these and other aspects of Soviet life is surely called for as the pace of change quickens and *glasnost* opens more doors to sociological enquiry.

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POVERTY IN THE SOVIET UNION: THE LIFE-STYLES OF THE UNDERPRIVILEGED IN RECENT YEARS. By Mervyn Matthews. New York: Cambridge University Press, 1986, 227 pp. $39.50 (paper, $12.95).

Poverty, like unemployment, is not a subject on which the Soviet government publishes statistics or encourages scholarship, but living standards are too much a matter of both official and public concern to be totally clothed in secrecy. Mervyn Matthews, an old hand at the game, frankly recognizes the limitations of his endeavor and then does what he can, supplementing scattered Soviet studies and figures with *samizdat* material, the testimony of emigrés, and personal observation. His substantial monograph leaves little doubt that real poverty, under almost any definition, exists in the U.S.S.R. and, reform or no reform, is not likely to be effaced in the Gorbachev era.

BETWEEN TWO WORLDS: THE LIFE OF A YOUNG POLE IN RUSSIA, 1939–46. By K. S. Karol. New York: Henry Holt, 1987, 309 pp. $19.95. A New Republic Book.

In 1939 the winds of war swept many citizens of Poland eastward, among them K. S. Karol, then 15 years old. His adventures—schooling in Rostov, the Komsomol, military service, the gulag, comrades and high jinks, amours—give sidelights on Soviet society during the war, although not at its gory vortex. If the narrative, written from memory many years afterward, may here and there embroider, no matter; it has the freshness of youth unburdened with the reflections from later life. This English-language version is "somewhat abridged" from the original published in 1983 in Paris, where Karol is an editor of *Le Nouvel Observateur*.

THE PRIEST AND THE POLICEMAN: THE COURAGEOUS LIFE AND CRUEL MURDER OF FATHER JERZY POPIELUSZKO. By John Moody and Roger Boyes. New York: Summit Books, 1987, 251 pp. $17.95.

Two journalists (from *Time* and *The Times* of London respectively) train a searchlight on the life and death of the "Solidarity priest" who was such a thorn in the side of the Polish regime, and on the trial of his murderers, officers of the security police, which was such a remarkable occurrence in a communist-bloc country. The policeman of the title is Captain Piotrowski, now serving a sentence for the crime. But the case goes far beyond Piotrowski. The authors lay out all they can in the way of facts (which is considerable, since they had access to Popiełuszko's unpublished diaries and to the trial record), and then push their inquiry into such questions as who, among the higher-ups, ordered the killing, and why. The book is highly recommended both as a dramatic story and as the best introduction to this case which has had, and will continue to have, major political significance.

FROM POTSDAM TO POLAND: AMERICAN POLICY TOWARD EASTERN EUROPE. By Stephen A. Garrett. New York: Praeger, 1986, 208 pp. $35.95.

A discussion of three major aspects of U.S. Eastern Europe policy: the influence of domestic ethnic groups on foreign policy making, trade and economic policy in relation to political ends, and the issue of human rights. The author then follows up with general conclusions on which lines of policy have been wise, which foolish. It is a soundly based and sensible study worthy of a careful reading, although it is not as novel as the author

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would have us believe; much of the "conventional wisdom" against which he is tilting is hardly to be taken seriously.

The Middle East

John C. Campbell

MY FRIEND, THE ENEMY. By Uri Avnery. Westport (Conn.): Lawrence Hill, 1986, 340 pp. $19.95 (paper, $12.95).

The crossed Israeli and Palestinian flags on the book jacket are the symbol of Uri Avnery's tireless efforts for peace and reconciliation between the two peoples, in his parliamentary activity, his public appearances in Israel and abroad, and his contacts with the Palestinians. Among the latter were PLO representatives Said Hammami and Issam Sartawi and, on a different level, Yasir Arafat himself. The book is largely about meetings and conversations with those three, recounted in often interesting detail. Unfortunately for the cause of those who were trying to break down the barriers to peace, they were no match for the hard-liners, the establishments and the "political realists" on both sides (including Arafat), and were often in personal danger. Hammami and Sartawi were rewarded with death by assassination, and Avnery remains on the fringes of Israeli politics.

LEBANON'S PREDICAMENT. By Samir Khalaf. New York: Columbia University Press, 1987, 328 pp. $30.00.

Most of Professor Khalaf's chapters were written as papers over the past two decades, but they fit nicely together with new ones to make a deep and integrated study of Lebanon's political culture. That country's history is better understood and told by a sociologist like Khalaf than by conventional historians or political scientists. He shows again and again how the primordial ties of family and sect have persisted into the contemporary age and how these traditions, more than the ideas and institutions of the nation state, have helped to shape it. Those factors which at the communal level have made Lebanese society viable are unfortunately the same ones which on the national scale have pulled it to pieces and made it incapable of resisting outside interference—so that today, as Khalaf tellingly describes it, that society is in a state of dismemberment.

DILEMMAS OF SECURITY: POLITICS, STRATEGY, AND THE ISRAELI EXPERIENCE IN LEBANON. By Avner Yaniv. New York; Oxford University Press, 1987, 355 pp. $24.95.

Israel's experience in Lebanon—invasion, frustration, retrenchment and collapse—is recounted with attention to detail and a command of the material unmatched in any other book. Military operations are but a small part of the story, which is focused on national security policy in its broadest sense, on how and by whom vital decisions were or were not made, and on all the factors, domestic and international, which influenced these decisions. But the book has a still broader scope. Because "Sharon's war" raised such doubts and protests in Israeli society and in the army, going to the very nature of the state, the author is impelled to confront the question of whether this adventure was an aberration or in line with vital needs and established policy, and thus to explore the rationale and consistency of Israel's foreign and defense policies since before independence. The real

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contribution of the book is not so much in the author's specific conclusions as in the way in which his knowledge and his analysis illuminate the entire subject.

THE IRANIAN MILITARY UNDER THE ISLAMIC REPUBLIC. By Nikola B. Schahgaldian. Santa Monica (Calif.): RAND Corporation, 1987, 164 pp.

The main concern of this report prepared by RAND for the U.S. Defense Department is the present and possible future role of the Iranian armed forces, both the regular professional forces (following severe purges) and the *pasdaran*, or revolutionary guards. Lacking direct contacts and observations in Iran, the author has relied on Iranian publications and extensive interviews with emigrés to produce the first solid, though in some respects preliminary and perishable, study on this subject available in the West. One of the salient conclusions is that the military is unlikely to seize power in the event of political crisis, but that the *pasdaran* may have a significant part to play. The book does not deal with the conduct of the war with Iraq.

THE GULF COOPERATION COUNCIL: MODERATION AND STABILITY IN AN INTERDEPENDENT WORLD. Edited by John A. Sandwick. Boulder (Colo.): Westview Press/Washington: American-Arab Affairs Council, 1987, 289 pp. $29.95.

The purpose of this book, which is substantially achieved, is to set forth the basic facts on the Gulf Cooperation Council and its significance for its constituent states and their relations with the outside world. Even with obvious gaps it is the most comprehensive and up-to-date treatment of the subject. Although not overlooking weaknesses affecting both the organization and its individual members, the general tone is benevolent and laudatory, presumably with the idea of encouraging favorable American views and policies (witness the "moderation" and "stability" in the subtitle). But the conclusion by Ralph Braibanti, author of the final chapter, that the true significance of the GCC lies in its potential as a building block in the construction of a global Islamic political society, strains credence.

THE POWERS IN THE MIDDLE EAST: THE ULTIMATE STRATEGIC ARENA. Edited by Bernard Reich. New York: Praeger, 1986, 351 pp. $45.00.

For the most part this is old wine in old bottles, but it is a competent general introduction to the role of outside states in the Middle East and Persian Gulf area. In addition to the United States and the U.S.S.R., the "powers" whose policies are covered are Britain, France, the EEC as a community (a particularly good chapter), and three Asian states all given brief treatment—China, Japan and South Korea. The authors, under the leadership of the indefatigable Professor Reich, are all associated with George Washington University.

U.S. STRATEGIC INTERESTS IN THE GULF REGION. By William J. Olson. Boulder (Colo.): Westview Press, 1987, 234 pp. $29.50.

It is worth noting that this volume emanating from the U.S. Army War College gives priority to the need to relate American security policy to the realities of Middle East politics rather than to the Soviet military threat to the region. Some of the chapters are standard stuff, but this broad general

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perspective opens the way to novel approaches to the familiar problems of force structure, basing, arms sales and diplomacy.

THE ISLAMIC IMPULSE. Edited by Barbara Freyer Stowasser. Washington: Center for Contemporary Arab Studies, Georgetown University, 1987, 325 pp. $26.95 (paper $15.95).

The editor and most of the contributors proceed from the premise that the flood of writing on Islamic fundamentalism or resurgence since the 1970s has been marked by confusion, simplifications, overreaction and fear. Twenty well-presented essays of exceeding variety by Western and Islamic experts succeed in dispelling much of the confusion, although occasionally adding to it. Some are so brief as merely to whet the reader's appetite; others become tedious with scholarly jousting. The coverage, by country and topic, is not and cannot be complete, and the authors provide no clear set of conclusions. Nevertheless, the volume as a whole, without laying claim to being *the* book to read on militant Islam, surely is among the best.

Asia and the Pacific

Donald S. Zagoria

BITTER VICTORY. By Robert Shaplen. New York: Harper & Row, 1986, 309 pp. $16.95.

A veteran correspondent who has been covering Vietnam for 40 years has combined history with penetrating observation and interviews to provide an absorbing account of what has happened in Vietnam and Cambodia since Hanoi won the war. Shaplen concludes that the Vietnamese want an accommodation with the United States in order to diminish their dependence on the U.S.S.R., and he also believes that they seek to mend their breach with the Chinese. To achieve these goals, however, the Vietnamese will have to withdraw from Cambodia and allow a genuinely neutral and independent government to exist there. Despite Shaplen's mild optimism, there are few signs that Hanoi is ready to do this. Nor is there much reason to believe, as he suggests, that the Chinese might in time be persuaded to stop backing the Khmer Rouge. Shaplen's Vietnamese interlocutors do provide an intriguing insight into how they won the war. According to them, the single most important factor in their success was the control of the Ho Chi Minh trail through eastern Laos—a clear violation of the Laotian neutrality agreement of 1962 negotiated by the Kennedy Administration.

MAJOR POWER RELATIONS IN NORTHEAST ASIA. By Robert A. Scalapino. Washington: University Press of America/New York: The Asia Society, 1987, 92 pp. $15.50.

This monograph is an excellent analysis of the bilateral relations among the principal powers in Northeast Asia—the United States, Japan, the Soviet Union and China. There is a well-balanced discussion of U.S.-Japanese trade frictions. On Sino-Soviet relations, the author maintains that even if the Soviets make some tactical military withdrawals on the Chinese border, an ineradicable suspicion of long-term Chinese intentions will remain. Soviet leaders are convinced that once the P.R.C. possesses sufficient military power to sustain bold foreign policies, China will want to be

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recognized as the preeminent nation of Asia and will seek to redress old grievances—by force, if necessary. The Soviets hope that a coalition of Asian countries—they have spoken hopefully of an alignment composed of India, Indonesia and Vietnam—will help counter the Chinese threat, but this alignment seems remote now. The conclusion is that Moscow will not significantly reduce its large forces along the Chinese border as long as it retains the vision of a resurgent China in the next century.

THE PACIFIC LAKE: PHILIPPINE PERSPECTIVES ON A PACIFIC COMMUNITY. Edited by Jose P. Leviste, Jr. Manila: Philippine Council for Foreign Relations & SGV Foundation, 1986, 248 pp.

This volume is important because it contains the thinking of prominent Filipino government officials and intellectuals on the prospects for a Pacific community. There are a number of very thoughtful essays. Sixto Roxas calls for integrated area development projects designed to maximize the livelihood of the population, in contrast to resource-exploiting projects such as mines, logging operations or plantations. Serafin Talisayon summarizes the unifying forces within the Pacific: the immense trade potential, the excellent prospects for peace and stability, and the "Pacific shift" in U.S. geopolitical interests. Over the longer run, he sees a more powerful China acting in accordance with great-power logic. But he also has an optimistic scenario in which Japan plays a central role in recruiting both China and the Soviet Union into the mainstream of Pacific trade and economic cooperation.

JAPAN'S ECONOMIC ROLE IN NORTHEAST ASIA. By Edward J. Lincoln. Washington: University Press of America/New York: The Asia Society, 1987, 65 pp. $14.00 (paper, $4.75).

This short monograph, part of The Asia Society's Asian Agenda Reports, is the best analysis of Japan's economic relations with Northeast Asia yet available. There are stimulating chapters on Japanese economic relations with the United States, China, the Soviet Union and the two Koreas. The author concludes that Japan must deal with two critical issues—it must be willing to shift its own growth away from export toward domestic demand, and it must continue to lower barriers to its markets in order to contain criticism from abroad.

AMERICAN LAKE: NUCLEAR PERIL IN THE PACIFIC. By Peter Hayes and Lyuba Zarski. New York: Penguin, 1987, 529 pp. $6.95 (paper).

Although alarmist and somewhat sensational in tone, this well-researched volume does offer a good deal of information on the increase of American and Soviet nuclear forces in the Pacific and the dangers inherent therein. Unfortunately it comes to some rather simplistic solutions in the form of so-called nuclear-free zones.

IN DEFENCE OF NEW ZEALAND: FOREIGN POLICY CHOICES IN THE NUCLEAR AGE. By Ramesh Thakur. Boulder (Colo.): Westview Press, 1986, 247 pp. $27.50 (paper).

A past president of the Dunedin branch of the New Zealand Institute of International Affairs has written a well-balanced and wide-ranging study of the issues behind the current dispute between the United States and New Zealand over nuclear ship visits. There are solid chapters on the ANZUS

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alliance, the prospect for New Zealand's pursuing a policy of nonalignment or neutrality, and the various proposals for nuclear-free zones in the Pacific. Both the American and the New Zealand cases on port calls are presented fairly. The author concludes that the ANZUS alliance has provided a wide range of unequally beneficial defense activities among Australia, New Zealand and the United States, and that New Zealand has contributed the least and gained the most from these. In the absence of ANZUS, he says, New Zealanders would have to live with a lot less security and a greatly degraded defense preparedness at much increased cost.

Africa

Jennifer Seymour Whitaker

ELECTIONS IN INDEPENDENT AFRICA. Edited by Fred M. Hayward. Boulder (Colo.): Westview Press, 1987, 318 pp. $23.85.

With all the difficulties entailed in saying anything new about electoral politics in a continent that has seemingly rejected them like an alien graft, this interesting study succeeds; it looks beyond the obvious rhetorical questions about the survival of "democracy" in Africa to probe the significance of electoral processes which have continued or reemerged at crucial junctures. Examining the most striking cases—Ghana, Sierra Leone, Nigeria, Botswana, Tanzania, Kenya, Zaïre and Senegal—the authors illuminate often-ignored aspects of the interaction between mostly authoritarian regimes and their publics, including the enduring attraction of democratic traditions, the manifest though subtle responsiveness of elites to public opinion, and the use of elections by leaders to provide ritual, education, diversion and legitimation.

AFRICAN POLITICS: CRISES AND CHALLENGES. By J. Gus Liebenow. Bloomington: Indiana University Press, 1986, 305 pp. $32.50 (paper, $12.50).

In this authoritative work, a scholar with long experience in the continent construes his subject broadly to include the extensive complex of factors affecting the ability of African states to carry on the business of modernization and consolidation of political institutions. Adding considerable depth with a thorough look at colonial and precolonial history, he considers an impressive range of subjects, including ethnicity, urbanization, the economic crisis, party politics, the military, apartheid and U.S. policy.

POLITICS AND GOVERNMENT IN AFRICAN STATES, 1960–1985. Edited by Peter Duignan and Robert H. Jackson. Stanford: Hoover Press, 1987, 442 pp. $36.95 (paper $20.95).

A number of expert contributors look at political developments in separate essays on many of the key African countries since independence—including Crawford Young on Zaïre and Cameroon; Robert Jackson and Carl Rosberg on Tanzania, Uganda and Kenya; and Christopher Clapham on the Horn. Useful as a survey of major landmarks up to early 1985, the volume does not develop any proposition or probe any set of questions thoroughly enough to add significantly to the growing body of literature on what's been going wrong in Africa.

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THE STATE OF APARTHEID. Edited by Wilmot G. James. Boulder (Colo.): Lynne Rienner, 1987, 210 pp. $25.00.

This collection, assembled by a South African sociologist, takes a new look at what are by now fairly old issues. Examining the main state institutions in a period characterized by what the editor terms "a breakdown in governance," the contributors point to the increasing assumption by the trade unions of a political role never intended for them; the overall collusion of the courts in the maintenance of the status quo; and the ambiguously extended role of the military. They also see extremely interesting possibilities for change, including the end of government options for indirect control of blacks and the potential for future collapse of the National Party into military rule or surrender to the democratic opposition.

COMMUNITY DEVELOPMENT IN SOUTH AFRICA: A GUIDE FOR AMERICAN DONORS. By Michael Sinclair. Washington: Investor Responsibility Research Center, 1986, 102 pp.

This useful handbook provides a succinct interpretation of the politics of black activism as background for its practical guidelines on dealing with organizations in South Africa (enumerated in an appendix). Based on interviews with a number of middle-level organizers and community workers, the report explores their judgments about areas of greatest need and describes their highly ambivalent reactions to American aid.

SOVIET POLICY TOWARDS SOUTH AFRICA. By Kurt M. Campbell. New York: St. Martin's, 1987, 272 pp. $32.50.

A very thorough and dispassionate analysis of all facets of the U.S.S.R.'s approach to South Africa, this study covers espionage, the U.N. and the ANC, but is most interesting on the lesser-known areas of Soviet-South African minerals collaboration and the history of their relationship since the Boer War. Campbell's main conclusion about Soviet involvement: low in geopolitical terms, the importance of South (and southern) Africa to the U.S.S.R. fluctuates—it could become extremely important as the situation heats up—but to the Soviets the main interest of the area now and later is political and ideological rather than strategic.

ESSAYS ON THE POLITICAL ECONOMY OF RURAL AFRICA. By Robert H. Bates. Berkeley: University of California Press, 1987, 178 pp. $12.95 (paper).

In this revised paperback edition of his 1981 *Markets and States in Tropical Africa*, the author builds in part on his earlier work but extends his purview to the colonial and precolonial periods, exploring the interaction of private interests with public institutions and policy. Of particular value is a brilliant examination of forces leading to the centralization of societies still highly fragmented, based on historical and ethnographic reports from 36 African societies. Looking at relationships in the evolution of central political institutions and ecology, trade and level of conflicts, Bates focuses on conditions that abet the emergence of "dominant actors."

PEASANTS AGAINST THE STATE: THE POLITICS OF MARKET CONTROL IN BUGISU, UGANDA, 1900–1983. By Stephen G. Bunker. Champaign: University of Illinois Press, 1987, 284 pp. $27.50.

Buttressed by interviews, this painstakingly detailed account of political activity among a group of small coffee farmers in Uganda should be of real

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value to scholars of rural development. The author's argument—that African smallholders gain bargaining power with the government through their ability to withdraw from cash crop production into subsistence—seems demonstrated in this case: the book would be even more interesting, however, if the author had placed his case within the larger context of African agricultural development since independence, of which it has seemed, for the most part, atypical.

ANOTHER DAY OF LIFE. By Ryszard Kapuściński. San Diego: Harcourt Brace Jovanovich, 1987, 136 pp. $14.95.

In this account of the last days of Portuguese Angola and the beginning of its ongoing civil war, the author, a Polish journalist, plumbs the surreal depths underlying human conflicts over power. As in his earlier book on the fall of Haile Selassie, Kapuściński vividly portrays a decaying surface and suggests the eroding forces at work upon it—in this case, the terror and confusion of Angolans in the abrupt and frenzied departure of their colonial rulers.

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Edited by Janis A. Kreslins

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